

(11)

MINUTES OF
TRINTEX EXECUTIVE COMMITTEE MEETING
WHITE PLAINS, N.Y.
APRIL 27, 1988

A meeting of the Executive Committee of TRINTEX, a partnership organized under the laws of the State of New York, was held at 7:30 a.m. on April 27, 1988 at the offices of the Company located at 445 Hamilton Ave., White Plains, NY.

Members Present: Mr. R. T. Liebhaver
 Mr. C. F. Moran

Absent: None

Others Present: Mr. T. C. Papes
 Mr. G. M. Perry
 Mr. R. M. Shapiro
 Mr. J. H. Beall (Part time)
 Mr. T. P. Burke (Part time)
 Mr. B. E. Bellmare (Part time)
 Mr. P. R. DeBenedictis (Part time)
 Mr. R. S. Glatzer (Part time)
 Mr. R. F. Gregory (Part time)
 Mr. H. Heilbrunn (Part time)
 Mr. J. M. Hewitt (Part time)
 Mr. R. C. Kennedy (Part time)
 Mr. F. Larson (Part time)
 Mr. H. C. Perce (Part time)
 Mr. J. M. Pugliese (Part time)
 Ms. M. R. Smythe (Part time)
 Mr. D. L. Sullivan (Part time)

J. Walter
Thompson

Mr. P. A. Forman (Part time)

Coopers &
Lybrand

Mr. J. A. DePalma (Part time)
Mr. J. F. Delaney (Part time)
Mr. J. O. Egan (Part time)
Mr. R. D. Mastrogiovanni (Part time)

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Mr. R. T. Liebhaver presided as Chairman of the meeting, and Mr. Perry, Secretary of the Company, recorded the minutes. Upon motion duly made, seconded and unanimously carried the minutes of the April 6, 1988 meeting were approved. Messrs. Glatzer, Heilbrunn, Kennedy, and Larson were present at the commencement of the meeting.

I. MEMBERSHIP MARKETING REPORT

A. San Francisco Computer Faire. The Chairman first called upon Mr. Glatzer who, using visual aids copies of which are attached as Exhibit A, reported on the Company's first public demonstrations of the PRODIGYSM service at the San Francisco Computer Faire during April 7-10. Hayes Microcomputer Products made its convention booth available to TRINTEX for use at the Faire. He said that everyone involved in the event feels that it was very successful. The PRODIGY service was demonstrated live to hundreds of people, many of whom were experienced computer users, and received very strong positive reactions. Over 4,000 people filled out "lead" cards, and over 100 calls have been received to date from people who received a copy of the PRODIGY Preview Disk. Many valuable contacts were made with educators and other influentials, and several media briefings were given. Mr. Glatzer said that the next public demonstration of the service will be at the Comdex Show in early May.

B. Founding Member Recruitment Update. The Chairman then called upon Mr. Kennedy who, using visual aids copies of which are attached as Exhibit B, reported on the status of the Founding Member program. He said that the program, which will run until the end of this month, is directed to people with a known interest in computers and information services, and is being conducted primarily through direct mail, telemarketing, and recruitment meetings. He said that 1803 Founding Member households have been signed to date (which exceeds the initial goal of 1500), of which about 429 have already enrolled on the service. He said that the goal for the program has been increased to between 2500 and 3000 households.

C. Retail Distribution Update. The Chairman then called upon Mr. Larson who, using visual aids copies of which are attached as Exhibit C, reported on the status of development of the retail distribution chain. He said that written or oral understandings have been reached with companies representing over 480 outlets. This includes representation in all four of the desired distribution chains: (a) computer stores (98 stores); (b) specialty electronics (229 stores); (c) department stores (79 stores); and (d) software stores (75 stores). He said that one of the potentially strongest alliances is with Egghead Discount Software, which is a very aggressive marketer that is undergoing rapid expansion. A letter of intent has been signed with Tandy to carry the basic Start-up Kit (excluding the Hayes modem). Tandy also continues to be interested in discussing the integration of the PRODIGY software with its Deskmate software

which is a part of each Tandy computer sale. Tandy has also agreed to develop regional promotions aimed at incenting purchases of Tandy computers, internal modems, and memory upgrades. Mr. Larson then reported on recent meetings with Apple Computer, in which Apple has agreed to provide technical support and advice on the Apple II and Macintosh machines. He said that discussions are continuing on other areas of mutual interest, such as co-promoting the PRODIGY service and the Apple IIIGS machines during the 1988 Christmas season.

Following these reports, Messrs. Hewitt, Beall and Sullivan joined the meeting, and Messrs. Kennedy and Larson retired from the meeting.

D. Focus Group Feedback. The Chairman then called upon Mr. Sullivan who, using visual aids copies of which are attached as Exhibit D, reported on the results of focus group discussions with about 50 members of the Hartford test group after using Reception System Version 6.0. He said that there is a noticeable improvement in the qualitative feedback from these people, such as perceived increase in response time; ease of installation; faster order processing; and greater depth of editorial coverage. Nevertheless, these people continue to express dissatisfaction with many performance/design aspects of the service, such as: (a) response time (still too slow for regular PC users); (b) call waiting interruptions; (c) continued desire for full news stories; (d) more teen content; and (e) more transactional content (e.g., banking, grocery, brokerage and travel reservations). With respect to the shopping applications, they expressed the need for price advantage, as well as more variety of products and services and more information to assist in making buying decisions. With respect to functionality, Mr. Sullivan said there is a great desire for more print capability, and a continuing interest in the ability to download information.

Following this report, Messrs. Forman and Gregory joined the meeting and Mr. Sullivan retired from the meeting.

E. Advertising Creative and Member Communications. The Chairman then called upon Mr. Gregory who, using visual aids copies of which are attached as Exhibit E, reported on member communications and the schedules for entry into the three initial markets. He said that the basic strategy of the member communications program is to stimulate usage, to penetrate to second and third family members, and to reinforce the perceived value of the service to all members of the household. The vehicles being used include newsletters, postcards, promotions (such as the Shower of Savings), and the upcoming PRODIGY Star magazine. With respect to market entry, he said that the present schedule calls for a "Charter Member" direct mail campaign in Atlanta and Hartford/New Haven during the May 23-July 3 period and in San Francisco during the period June 6-July 17. About 250,000 offers will be mailed in this campaign. He said that

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three television commercials are currently under production for broadcast on cable TV to support the direct mail campaign.

Mr. Gregory then introduced Mr. Forman from the J. Walter Thompson agency who reviewed the storyboards for each of the three television ads, each of which centers around a celebrity (Alvin Toffler - futurist, Linda Ellerbee - TV journalist, and Davy Johnson - baseball manager).

Following this report, Messrs. Forman and Gregory retired from the meeting and Messrs. DeBenedictis, DeJaney, DePalma, Mastrogiovanni, and Perce joined the meeting.

II. AUDIT REPORT

The Chairman then called upon Mr. Perce who, introduced the Coopers & Lybrand audit team. He said that Mr. Egan, who has been the manager of the TRINTEX account at Coopers & Lybrand since the inception of the Company, is moving to another account, and Mr. Delaney will be the account manager for the coming year. Mr. Perce then called upon Mr. Egan who reviewed various portions of the 1987 Audit Report, and copy of which is attached as Exhibit F. Mr. Egan pointed out that the audit opinion is a qualified opinion, being contingent on the continued funding of the Company by the Partner companies. He said that the reason for requiring this condition is that the "First Phase" financial commitment under the Partnership Agreement has been exceeded, and the Partnership Agreement has not been formally amended to provide a contractual commitment for future financing. He said that a footnote to the opinion does disclose the stated intention of both Partner companies to continue funding the Company.

The Chairman then called upon Mr. DeBenedictis who, using visual aids copies of which are attached as Exhibit G reviewed certain key comments by the auditors in the 1987 Observations and Recommendations to management. He also reviewed the actions taken by the Company to address the comments in the 1986 Observations and Recommendations.

The Chairman then asked all those present other than the Coopers & Lybrand audit team to retire from the meeting, following which the Committee and the audit team discussed various matters relating to the audit and the Audit Report. Following this discussion, Messrs. Delaney, DePalma, Egan, and Mastrogiovanni retired from the meeting and Messrs. Beall, Bellmare, Glatzer, Heilbrunn, Papes, Perry, and Shapiro joined the meeting.

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III. SERVICE READINESS REPORT

The Chairman then called upon Messrs. Beall and Heilbrunn who, using visual aids copies of which are attached as Exhibits H and I respectively, gave the Service Readiness report. Mr. Beall began the report by reviewing a number of recently completed

projects, including: (a) the improved mailbox, (b) the Dow Jones Quote Track, (c) shopping enhancements, (d) enhanced Consumer Reports, and (e) the Artec pilot. He then reviewed the schedule and release plan for several other projects through the month of August.

Mr. Heilbrunn then reviewed the status of new product development, which included the following: (a) the IBM Pacific Credit Union home banking application is now live on the service; (b) an agreement has been reached with Citizens and Southern for home banking in Atlanta using the MHT model; (c) connectivity has been established in the Bank of New England/CBT balance inquiry test application, which should be completed in May; (d) the Pershing brokerage application is expected in pilot test in August, with live operation in September; (e) the Kroger grocery application is proceeding towards a June controlled market test in Atlanta, with the Grocery Express application going into controlled test in August in San Francisco.

Following these reports, Mr. Burke and Ms. Smythe joined the meeting. The Chairman then called upon Mr. Burke who, using visual aids copies of which are attached as Exhibit J reported on service usage. He said that the report now includes usage by four groups: the Hartford testers, the Panel testers, the Connecticut Computer Society, and the new Founding Members. Usage by the Hartford testers continues to be lowest of the four groups, but improvement was seen during the Shower of Savings promotion. This was true with respect of all of the groups. The overall frequency of sessions per household per week (2 to 2.5) is up since the last report to the Committee, and the average session length seems to be leveling out at about 23 minutes. In summary, Mr. Burke said that, although usage is still well below desired levels, there appear to be more active users using the service more frequently, resulting in an increase in average usage.

The Chairman then called upon Ms. Smythe who, using visual aids copies of which are attached as Exhibit K, reported on the results of the Shower of Savings promotion. She said that the promotion was successful in increasing the number of individual members accessing the service immediately prior to and during the promotion, and in increasing purchases. She said that the total dollar volume of purchases exceeded \$2,000 for the four days of the promotion, which is well above any prior monthly volume. Because of a delay in distribution of Start-up Kits, there were a number of Founding Members who were not able to participate in the promotion, and a "rain check" weekend is being planned for those households. Ms. Smythe then reviewed a new promotional game called "Sign On, Cash In" in which three member ID's will be selected daily and displayed on the service. A member may win \$100 if he identifies his ID on the service. The plan is to begin the program May 1 and run it through June 15, with a possible second phase running through July 15.

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Following these reports, Mr. Burke and Ms. Smythe retired from the meeting.

IV. CLIENT REPORT

The Chairman then called upon Mr. Bellmare who, using visual aids copies of which are attached as Exhibit L, reported on the status of home banking. He said that: (a) a contract has been signed with Citizens and Southern for an MHT "clone" application in Atlanta, which provides for 12 months of exclusivity in Atlanta and (under certain conditions) 3 months of exclusivity in Miami if C&S elects to offer home banking in that market; target service date is September 30, 1988; (b) discussions are still proceeding with Bank of America, with an executive meeting set for early May; (c) for the New England area, the Bank of New England/CBT test of the balance inquiry application is close to going live, and discussions are underway with Bay Banks in the Boston area; (d) a contract is ready for execution with Trustcorp Bank, Ohio (previously Toledo Trust) to create (with assistance and funding of \$150,000 from IBM) a home banking software package compatible with IBM equipment; (e) discussions are ongoing with Sovran Bank in the Washington DC area, with a positive decision to proceed expected soon; and (f) negotiations are expected to begin with Citibank within two weeks.

Following this report all persons other than the Committee Members and Messrs. Papes, Perry and Shapiro retired from the meeting.

VI. OTHER MATTERS

A. Approval of Partner Transactions The Chairman then called upon Mr. Perry who, using visual aids copies of which are attached as Exhibit M, presented a report on transactions between the Company and the Partner companies which, under the terms of the Partnership Agreement, require approval of this Committee. He said that the actual first quarter, 1988 Partner transaction amounted to \$5.692 million (\$5.070 million to IBM and \$622,000 to Sears), compared to the estimated \$7.676 million (\$7.086 million to IBM and \$590,000 to Sears) previously approved by the Committee.

There was discussion of this report, following which, upon motion duly made, seconded and unanimously carried (but with each of the Partner company Members abstaining with respect to approvals affecting the Partner company that he represents on the Committee) the Partner transaction reported to this meeting were approved as presented.

B. Third Written Consent to Partnership Agreement Mr. Perry then said that in order to implement the change of the name of the Company from TRINTEX to Prodigy Services Company, as approved at the last meeting, it is necessary under the terms of the Partnership Agreement for the Committee Members to execute a

Unanimous Written Consent, a form of which he then presented for execution. The document was executed by the Committee Members, making the effective date for the name change June 1, 1988. A copy of the document is attached hereto as Exhibit N.

C. Operations Center; Real Estate Approvals The Chairman then called upon Mr. Papes who reported on the Company's proposal to establish an Operations Center, remote from the existing office facilities. He said that following the last meeting, discussions were undertaken with the contractor for the proposed Yorktown Heights facility to determine whether a more favorable economic arrangement could be made by adjusting the term of the lease. He said that the two year lease term arrangement discussed at the last meeting still appears to be the most favorable, and the negotiations are proceeding on that basis.

Mr. Papes, using visual aids copies of which are attached as Exhibit O, then requested approval for the leasing by the Company of the 7th floor of One North Broadway, which has recently become available. He said that this space is needed very badly to fill existing space requirements. The floor consists of 14,000 square feet, with an annual rent of \$350,000. The lease commitment will be from June 1, 1988 to September 30, 1993, with a total rental commitment of \$2 million. The cost of fit-up for the space will be approximately \$400,000. After discussion, upon motion duly made, seconded and unanimously carried, the Committee approved the leasing of the space on the terms presented.

Mr. Papes then reminded the Committee that under the master lease for the 445 Hamilton and One North Broadway space, the Company has an option to terminate the lease as to most of the space effective September 30, 1989 by giving notice of its intent to terminate not later than September 30, 1988. If such a notice is not given, the lease term automatically extends to September 30, 1993 for all the space, which will represent an increased total rental commitment of about \$24 million. He said that the Company has no present intention of giving the notice of termination.

There being no further business to come before the meeting, it was adjourned at 12:30 PM.

Respectfully Submitted,

R. T. Liebhaber
Chairman

G. M. Perry
Secretary

SBC 002952

WEST COAST COMPUTER FAIRE
MOSCONE CENTER, SAN FRANCISCO
APRIL 7-10

o OVER 20 TRINTEX EMPLOYEES PARTICIPATED DIRECTLY

FROM:

MARKETING
SYSTEMS
OPERATIONS
COMMUNICATIONS
AND PRODUCT DEVELOPMENT

o HAYES PARTICIPATION/SUPPORT

o OVER 30,000 ATTENDEES TO THE FAIRE

- BETTER THAN 10% GAVE US A LEAD.... ALMOST 4,000
- EVEN MORE SAW DEMONSTRATIONS OF THE SERVICE AND
TOOK OUR PROMOTIONAL MATERIALS

o MATERIALS USED:

LEAD CARDS

BLACK 8-PAGE INSERT

FOLDERS

REPRINTS OF KEY ARTICLES

SPECIAL QUESTIONS AND ANSWERS

WELCOME LETTER

PREVIEW DISKS (IBM/COMPAT VERSION ONLY)

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Exhibit A

WEST COAST COMPUTER FAIRE

- o LEADS
 - o EDUCATION COMMUNITY
 - o PRESS COMMUNITY
 - o MACINTOSH
-

o OTHER BENEFITS

POSITIVE WORD OF MOUTH

TRAINING FOR SALES

FEEDBACK ON SERVICE, UNDERSTANDING OF QUESTIONS AND
OBJECTIONS

TEAM PROJECT

CAMERADERIE

SBC 002954

Exhibit A

WEST COAST COMPUTER FAIRE

0 KEY QUALITATIVE FEEDBACK (INFORMAL)

- LIKED WHAT THEY SAW ... WOULD LIKE TO SEE MORE
- HIGH MARKS ON EASE OF LEARNING
- STRONG POSITIVE REACTION TO PRICE/VALUE
- LIKED THE MODEM
- "GOOD START" IN CERTAIN KEY AREAS, EX.:
 - EDUCATION
 - HEALTH AND FITNESS
 - CONSUMER REPORTS
 - BUT WANT MUCH MORE
- VERY HIGH MARKS FOR "TIMELY TOPICS" SECTIONS
- STRONG POSITIVE REACTION BY NON-PRIMARY PC USERS
(I COULD LEARN THIS ... I MIGHT LIKE THIS ...)
- WHERE IS:
 1. DOWNLOADING OF STOCK QUOTES, MAIL, AND PIECES OF KEY INFORMATION
 2. ABILITY TO PRINT ANYTHING I WANT
 3. SUPPORT FOR MACINTOSH, IIGS IN COLOR
 4. MORE SOPHISTICATED MESSAGING CAPABILITY
 5. TRAVEL/GROCERY/BROKERAGE/BANKING

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Exhibit A

FOUNDING MEMBER ACQUISITION PROGRAM

○ MARCH & APRIL EFFORT

○ DIRECTED AT SELECT TARGET AUDIENCES

- PC CLUBS**
- PARTNER EMPLOYEES**
- COMMERCIAL CLIENTS' EMPLOYEES**
- CO-MARKETING ALLIES' EMPLOYEES**
- PROFESSIONAL ASSOCIATIONS**
- SIMULATOR RESPONDENTS**

○ ACQUISITION METHODS

- DIRECT MAIL**
- TELEMARKETING**
- RECRUITMENT MEETINGS**
- BULLETIN BOARD NOTICES**
- INTERNAL "HOUSE ORGANS"**

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Exhibit B

FOUNDING MEMBER OFFER

- SIX MONTHS FREE TRIAL
- HAYES PERSONAL MODEM 1200 @ \$79.95
- FOUNDING MEMBER START-UP KIT
- ENROLLMENT INCENTIVE PREMIUM
- MEMBERSHIP RENEWAL:
ONE YEAR AT \$49.95 (*NEGATIVE OPTION*)

SALES GOAL

1000 – 1500 MEMBER HOUSEHOLDS

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Exhibit B

RESULTS TO DATE

○ 1803 **NEW HOUSEHOLDS ACQUIRED**

○ 429 **NEW HOUSEHOLDS ENROLLED**

SBC 002958

Exhibit B

FOUNDING MEMBER REMAINING ACQUISITION EFFORTS

GROUP	MKT	EST. SALES
○ SPECIALTY CHANELS		
⊗ ASSOCIATION FOR SYSTEM MANAGEMENT	(H)	15
⊗ CONNECTICUT COMPUTER SOCIETY	(H)	80
⊗ ALLSTATE EMPLOYEES	(SF)	50
⊗ ATT 6300 USERS GROUP	(SF)	100
⊗ IBM AT / XT USERS GROUP	(SF)	40
⊗ ALLSTATE EMPLOYEES	(H)	50
⊗ SAN FRANCISCO PC USERS GROUP	(SF)	75
⊗ AETNA EMPLOYEES	(H)	60
⊗ SILICON VALLEY COMPUTER SOCIETY (WOMENS SIG)	(SF)	15
		<hr/>
		485
○ DIRECT MAIL TO SIMULATOR		1000

Exhibit B

SBC 002959

FOUNDING MEMBER MEETING

-FEEDBACK-

"MARY, I KEPT TELLING YOU THAT WE SHOULD BUY MORE KROGER STOCK
AND NOW I'M CONVINCED THAT WE SHOULD. KROGER IS NOW INVOLVED
WITH A COMPANY THAT REALLY HAS IT'S ACT TOGETHER!"
(KROGER STORE MANAGER)

"GEORGE, I FINALLY AGREE!"
(SPOUSE OF KROGER STORE MANAGER)

"I'D BE WILLING TO PAY ABOUT \$10 A MONTH AS IT IS NOW."
(PC CLUB MEMBER-HARTFORD)

"THIS OFFER IS THE BEST THING THAT EVER HAPPENED TO OUR CLUB."
(PC CLUB PRESIDENT-HARTFORD)

"I DIDN'T WANT TO COME TONIGHT AND THOUGHT IT WOULD BE A REAL
DRAG! I HAD THE GREATEST TIME. PRODIGY IS TERRIFIC."
(SPOUSE OF PC CLUB MEMBER-HARTFORD)

"THE KIT IS CLASSY." (PC CLUB MEMBER-HARTFORD)

"IF THIS FAILS, WITH IBM AND SEARS INVOLVED, IT WILL SET THE
INDUSTRY BACK 10-15 YEARS." (PC CLUB MEMBER-ATLANTA)

"I'VE BEEN WAITING FOR SOMETHING LIKE THIS. I'M TIRED OF MY
HUSBAND HOGGING THE COMPUTER."
(SPOUSE OF PC CLUB MEMBER-ATLANTA)

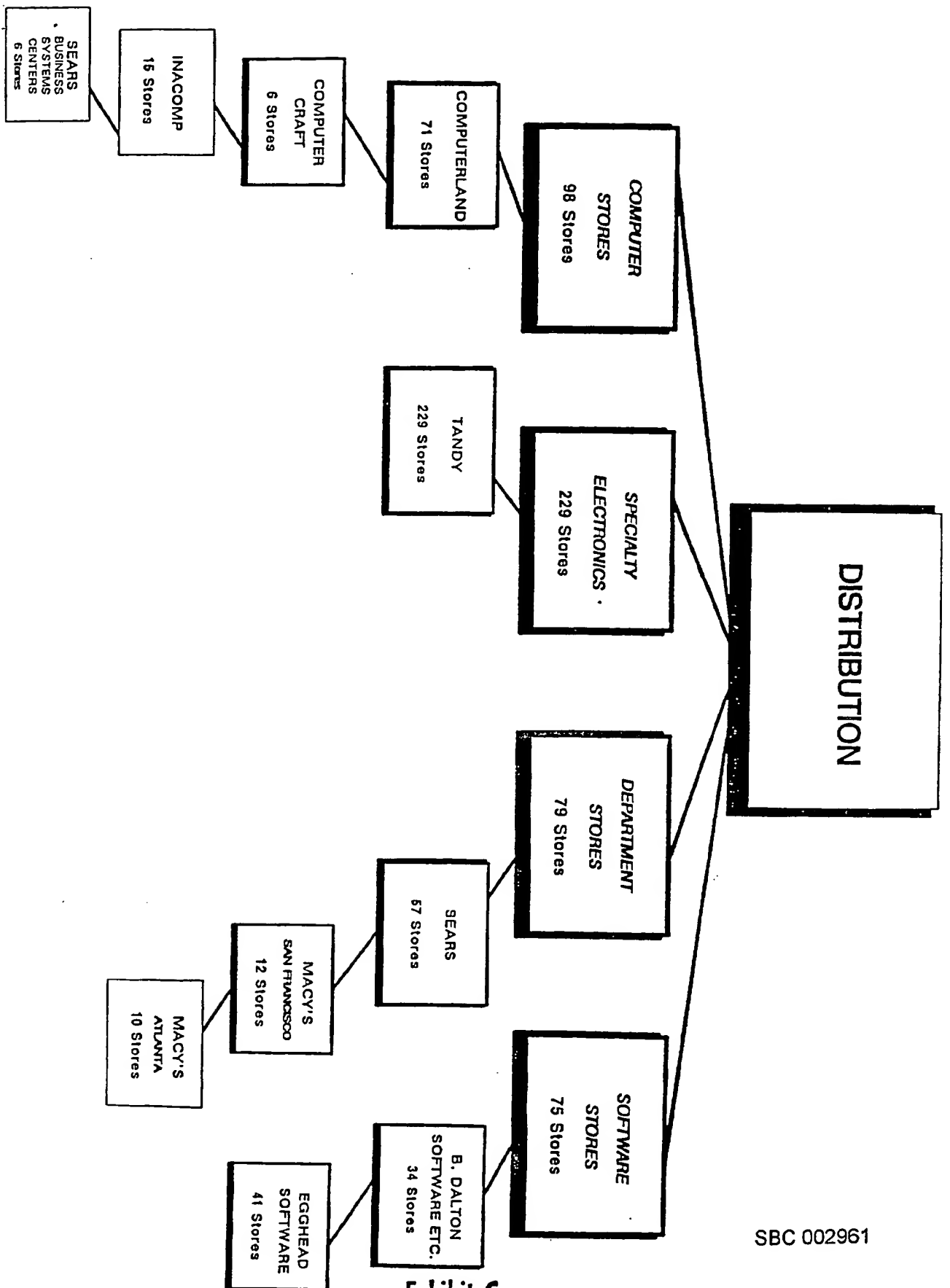
"I'M GOING OUT TOMORROW TO BUY AN MS-DOS MACHINE. PRODIGY GIVES
ME THE REASON TO DO IT." (PC CLUB MEMBER-SAN FRANCISCO)

"THE PRICING BLOWS ME AWAY. NO ON-LINE CHARGES!"
(PC CLUB MEMBER-SAN FRANCISCO)

"

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Exhibit B



SBC 002961

Exhibit C

EGGHEAD DISCOUNT SOFTWARE

BASED IN SEATTLE, WA.

FOUNDED 1983

VICTOR ALHADEFF - PRESIDENT

AS OF 4/15/88

115 LOCATIONS WITH RAPID EXPANSION

41 LOCATIONS IN 1988

EGGHEAD MISSION -- SERVICE SELECTION SAVINGS & SIZZLE

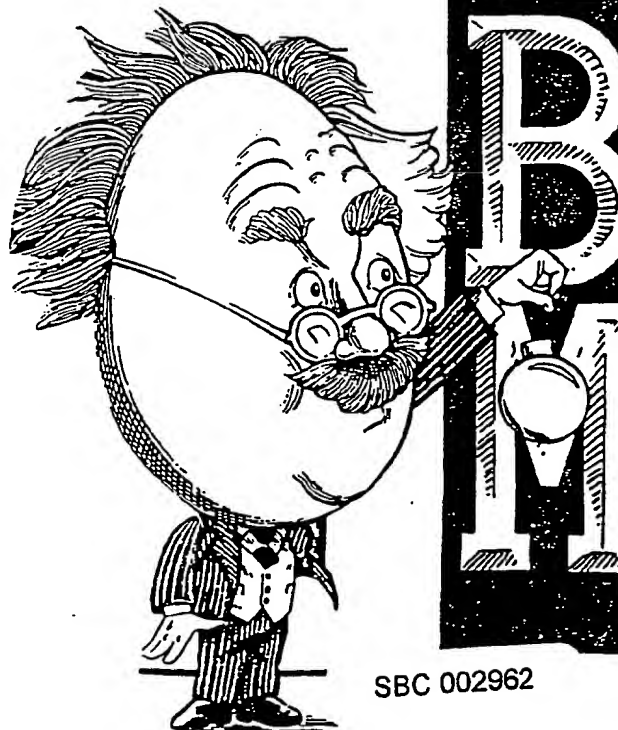


Exhibit C

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T A N D Y

- LETTER OF INTENT TO CARRY THE PRODIGY START-UP KIT
- CONTINUING INTEREST IN DEVELOPING INTEGRATION OF PRODIGY SERVICE WITH DESKMATE
- COMMITMENT TO THE IMPLEMENTATION OF ADVERTISING PROGRAM AROUND PRODIGY
- AGREED TO DEVELOP REGIONAL PROMOTIONS THAT:
 - INCENT PURCHASE OF THEIR INTERNAL MODEMS
 - INCENT MEMORY UPGRADE IN CONJUNCTION WITH PRODIGY
 - INCENT THE SELLING OF THEIR PCs AND PRODIGY AT CHRISTMAS

SBC 002963

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Exhibit C

TRINTEX CONFIDENTIAL

A P P L E

- AGREED TO PROVIDE TECHNICAL SUPPORT ON IIGS AND MACINTOSH
- AGREED TO WORK WITH US ON AN EDUCATIONAL PROGRAM AND ALSO PROGRAM FOR THE HANDICAP
- WILLING TO CO-PROMOTE WITH US IN THE SEPTEMBER-DECEMBER TIME FRAME ON APPLE IIGS
- EXPLORING POSSIBILITY OF PROVIDING 100 IIGS TO US TO ENABLE 100 VIRGIN HOUSEHOLDS
- AGREED TO SHARE RESEARCH BETWEEN BOTH COMPANIES
- FULLY EXPECT A IIGS COLOR IMPLEMENTATION OF PRODIGY

SBC 002964

A:04268FL1.061

Exhibit C

TRINTEX CONFIDENTIAL

QUALITATIVE FEEDBACK
VERSION 6.0 - APRIL, 1988

POSITIVES

- 0 SOME MEMBERS PERCEIVED AN INCREASE IN SPEED ON 6.0 VS. 5.6 I.E., RESPONSE TIME HAS IMPROVED.
- 0 CONTINUED HIGH PRAISE FOR MSS.
- 0 POSITIVE REACTIONS TO NOTICEABLE CHANGES TO PRODIGY, I.E., TRINTEX IS LISTENING AND IMPROVING PRODIGY (INCORRECT JUMPWORD DIRECTLY TO INDEX, FLASHING CURSOR, ETC.)
- 0 INSTALLATION OF 6.0 EXTREMELY EASY TO DO.
- 0 SOME MEMBERS FINDING PRODIGY USEFUL ESP. QUOTE TRACK, AND A VALUE AT \$9.95 (COMPARISON TO OTHER SERVICES).
- 0 CATALOG SHOPPING IMPROVEMENT APPRECIATED - FASTER ON-LINE PROCESSING OF ORDERS.
- 0 MOST NAVIGATIONAL ANOMALIES FIXED - EASIER AND MORE CONSISTENT WAY OF "GETTING AROUND".
- 0 NEWS NOTICEABLY "FRESH" AND "CURRENT", NOTICEABLE ADDITION IN NEWS DEPTH.
- 0 MAJOR LIKES INCLUDES EXPERTS, INVESTMENTS, SHOPPING, SMART KIDS, SOAPS AND VIDEO REVIEW.

SBC 002965

A:0426801.026

Exhibit D

RESEARCH DEPARTMENT

QUALITATIVE FEEDBACK
VERSION 6.0 - APRIL, 1988

PRODIGY SYSTEM AND PRODUCT PERFORMANCE/DESIGN

- 0 SCREEN TO SCREEN RESPONSE TIME IS STILL TOO SLOW FOR REGULAR PC USERS. MORE ACCEPTABLE TO "NEOPHYTES".
- 0 LOGON PROCEDURE:
 - CURRENT ID'S HARD TO REMEMBER
 - RESPONSE AFTER PASSWORD ENTER IS SLOW
- 0 CALL WAITING BUMPING MEMBER OFF - A GREAT ANNOYANCE TO MANY ESP. WHILE PLACING AN ORDER. OTHER LOST CONNECTIONS IS A PERSISTENT PROBLEM.
- 0 EXCESSIVE GRAPHICS (PAINT TIME) PERCEIVED AS SLOWING DOWN SERVICE AND USING UP VALUABLE TEXT SPACE.
- 0 STRONG OBJECTION BY REGULAR PC USERS OF GETTING BUILDINGS BY HITTING GUIDE.
- 0 HARD DISK BOOT ABILITY IS SEEN AS A GREAT ENHANCEMENT. HOWEVER, UNABLE TO SPECIFY DRIVE FOR INSTALLATION.

SBC 002966

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Exhibit D

RESEARCH DEPARTMENT

QUALITATIVE FEEDBACK
VERSION 6.0 - APRIL, 1988

PRODIGY CONTENT

- 0 CONTINUED DESIRE FOR MORE FULL STORIES (STORY DETAILS) IN ALL NEWS AREAS.
- 0 ALTHOUGH CURRENT NEWS INFORMATION IS USEFUL TO SOME, MORE IN-DEPTH COVERAGE AND CONSISTENT RE-FRESH WOULD MAKE PRODIGY USEFUL TO MORE MEMBERS.
- 0 CURRENCY OF INFORMATION DESIRED ESP. LOTTO, CLOSING QUOTES, UPDATED SPORTS SCORES AND CURRENT DAYS SOAPS.
- 0 TEEN CONTENT RECOGNIZED. DESIRE FOR ADDITIONAL TEEN TOPICS.
- 0 USEFUL CONTENT EQUATED "GIVE ME BANKING, GROCERY, CRS, BROKERAGE, TICKETING, SO I CAN DO SOMETHING ON PRODIGY."
- 0 CONTENT VARIETY SEEN AS WORTH PAYING FOR.

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Exhibit D

RESEARCH DEPARTMENT

QUALITATIVE FEEDBACK
VERSION 6.0 - APRIL, 1988

PRODIGY SHOPPING AREA

- 0 PRICE ADVANTAGE FOR SHOPPING ON PRODIGY DESIRED. RETAIL LIST PRICE DOES NOT ENCOURAGE SHOPPING IN GENERAL.
"PRODIGY - ONLY" SALES MENTIONED AGAIN.
- 0 ADDITIONAL PRODUCT AND VENDOR INFORMATION/DETAILS NEEDED TO MAKE PURCHASE DECISION (PRICE, SHIPPING COSTS, WASHING CARE, WARRANTIES, BETTER DESCRIPTIONS).
- 0 ADDITIONAL VENDORS AND CATALOGERS DESIRED.
- 0 ADDITIONAL PRODUCTS FROM CURRENT VENDORS DESIRED.
- 0 ABILITY TO COMPARISON SHOP ONCE GIVEN ADDITIONAL VENDORS AND PRODUCTS DESIRED.
- 0 CONFUSION EXISTS: ARE THESE PRODUCTS FOR SALE?
- 0 ABILITY TO ORDER ITEMS FROM CATALOGS STILL NOT UNDERSTOOD.
- 0 SHOWER OF SAVINGS PROMO STIMULATED BROWSING AMONG PROMO VENDOR PRODUCTS.
- 0 15% OFF LIST PRICE SHOWER OF SAVINGS DISCOUNT NOT ENOUGH TO STIMULATE PURCHASE BY MANY.

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RESEARCH DEPARTMENT

Exhibit D

QUALITATIVE FEEDBACK
VERSION 6.0 - APRIL, 1988

PRODIGY COMMUNICATIONS

- 0 TO MANY, RECEIPT OF NEW DISKS EQUATED "IMPROVEMENT" OF PRODIGY.
- 0 RECEIPT OF 6.0 DISKS:
 - A FEW RECEIVED 2 SETS
 - A FEW NEVER RECEIVED
- 0 GENERAL ACCEPTANCE OF 4 PAGE (MAX) NEWSLETTER. RECEIPT OF NEWSLETTERS AND PENETRATION OF NEWSLETTER INTO HOUSEHOLD PROBLEMS PERSIST.
- 0 NEWSLETTER SAID TO PROMPT MEMBER TO "TRY PRODIGY AGAIN," GOOD WAY TO COMMUNICATE ADDITIONS TO PRODIGY.
- 0 NEWSLETTER SHOULD BE ON-LINE AND BY MAIL.
- 0 SHOWER OF SAVINGS COMMUNICATION:
 - POSTCARD AND ON-LINE INSTRUCTIONS WELL RECEIVED IN GENERAL
 - PROMPTED EXPLORATION OF SHOPPING AREAS
- 0 ABILITY TO COMMUNICATE WITH PRODIGY MEMBER USER GROUPS DESIRED.

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RESEARCH DEPARTMENT

Exhibit D

QUALITATIVE FEEDBACK
VERSION 6.0 - APRIL, 1988

PRODIGY PRINT CAPABILITY

- 0 INTENSE DESIRE TO PRINT THROUGHOUT INDIVIDUALS' PRODIGY SESSION - INDEX LIST, STOCK LIST AND PRICES, TIPS, ADS AND PHONE NUMBERS, MEMBER LIST, ANYTHING ELSE.
- 0 INABILITY TO USE "COPY" COMMAND WHEN IT IS AVAILABLE.

PRODIGY DOWNLOADING CAPABILITY

- 0 CONTINUED DESIRE FOR DOWNLOADING OF INFORMATION CAPABILITY TO "MAKE USE OF THE PC."

SBC 002970

A:0426801.026

RESEARCH DEPARTMENT

Exhibit D

QUALITATIVE FEEDBACK
VERSION 6.0 - APRIL, 1988

SUMMARY OF NEEDS:

- 0 FASTER RESPONSE TIME OVERALL
- 0 PRINT CAPABILITY
- 0 ADDITIONAL DEPTH:
 - NEWS STORIES, OTHER INFORMATION AREAS
 - VENDORS AND PRODUCTS - COMPARISON SHOPPING
 - PRODUCT AND VENDOR DETAILS
- 0 RECEIPT OF ALL COMMUNICATIONS MATERIAL IN A TIMELY MANNER, ADDRESSED TO EACH MEMBER.
- 0 GRAPHICS WHERE APPROPRIATE - REPLACE GRAPHICS WITH TEXT WHEN GRAPHICS ARE INAPPROPRIATE.
- 0 USER GROUPS - WOULD BE A MESSAGING ENHANCEMENT.

TO MAKE PRODIGY USEFUL, GIVE ME: BANKING, GROCERY, CRS,
BROKERAGE, LOCAL TICKETING.

SBC 002971

A:0426801.026

Exhibit D

RESEARCH DEPARTMENT

6.0 RELEASE

HARTFORD PARTNERS AND CCS TESTERS

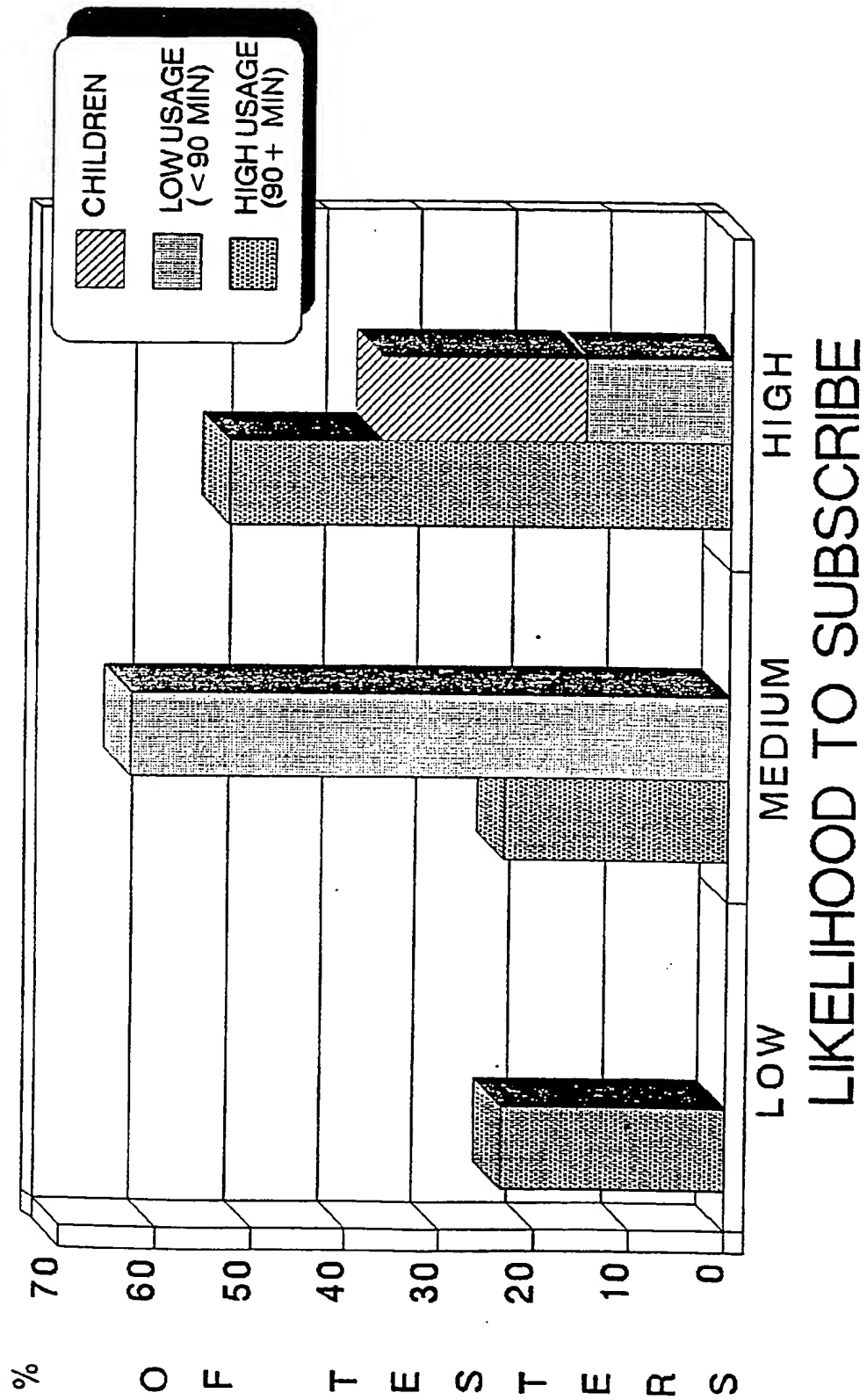


Exhibit D

SBC 002972

TRINTEX CONFIDENTIAL

RESEARCH DEPARTMENT 4/88

HARTFORD, PANEL, CCS				FOUNDING
	AVG. WEEK MARCH (2/28-3/26)	PREVIOUS WEEK (4/3-4/9)	RECENT WEEK (4/10-4/16)	RECENT WEEK (4/10-4/16)
TOTAL SIGNED HOUSEHOLD	146	167	185	108
TOTAL ENROLLED MEMBERS	249	282	306	134
MEMBERS PER HOUSEHOLD	1.71	1.69	1.65	1.24
TOTAL NUMBER OF SESSIONS	173	262	401	524
TOTAL UNIQUE MEMBER SESSIONS	59	101	120	132
ACTIVE MEMBERS AS PERCENTAGE OF ENROLLED MEMBERS	24%	36%	39%	99%
TOTAL PAGES DISPLAYED	4,028	11,423	15,215	22,984
PAGES DISPLAYED PER ACTIVE MEMBER	68	113	127	174

a:04228rb1.024

TRINTEX CONFIDENTIAL

Exhibit E

COMMUNICATIONS STRATEGY

OBJECTIVES

1. STIMULATE USAGE OF PRODIGY SERVICE.
2. PENETRATE TO OTHER HOUSEHOLD MEMBERS.
3. REINFORCE PERCEIVED VALUE OF PRODIGY SERVICE
TO ALL HOUSEHOLD MEMBERS.

SBC 002974

A:04218RS1.060

Exhibit E

TRINTEX CONFIDENTIAL

VEHICLES

1. PRODIGY SERVICE UPDATE (NEWSLETTER)
2. PRODIGY STAR (MAGAZINE)
3. POSTCARDS
4. COORDINATION WITH OTHER DEPARTMENTS
5. PRODUCTION/DISTRIBUTION
6. SUPPLEMENTARY NAVIGATIONAL AIDS

SBC 002975

A:04218RS1.060

Exhibit E

TRINTEX CONFIDENTIAL

STRATEGY

1. STIMULATE MEMBER INTEREST AND INVOLVEMENT.
2. USE PRIMARY USER TO PENETRATE TO OTHER HOUSEHOLD MEMBERS.
 - A. FAMILY FUN
 - B. PACKAGE FEATURES TOWARD VARIED INTERESTS
 - C. ENCOURAGE PRIMARY USER TO SHARE KNOWLEDGE
 - D. PROVIDE ENROLLMENT INCENTIVES
3. ALLEVIATE PC/TIME ANXIETY.
 - A. EXPLAIN NAVIGATION
 - B. USER-FRIENDLY TONE, SIMPLE LANGUAGE
 - C. TESTIMONIALS FROM NON-"TECHIES"
 - D. PORTRAY FUN OF SERVICE

SBC 002976

A:04218RS1.060

Exhibit E

TRINTEX CONFIDENTIAL

MARKET SCHEDULES

ATLANTA

MAY 23 - JULY 3

317,000 HH's

40 ANNOUNCEMENTS/WEEK

30-40 GRP's/WEEK

\$8.3M/WEEK

\$ 50M

HARTFORD/NEW HAVEN

MAY 23 - JULY 3

496,000 HH's

40 ANNOUNCEMENTS/WEEK

30-40 GRP's/WEEK

\$17.3M/WEEK

\$104M

SAN FRANCISCO

JUNE 6 - JULY 17

686,000 HH's

40 ANNOUNCEMENTS/WEEK

30-40 GRP's/WEEK

\$20.6M/WEEK

\$123M

\$277M

SBC 002977

A:04218RG3.060

Exhibit E

TRINTEX CONFIDENTIAL

To the Partners of TRINTEX:

We have examined the balance sheets of TRINTEX (a New York General Partnership in the Development Stage) as of December 31, 1987 and 1986, and the related statements of operations and deficit accumulated during the development stage, Partners' capital and cash flows for the years then ended, and cumulative from February 13, 1984 (inception) to December 31, 1987. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As more fully described in Note 1 to the financial statements, the Partnership Agreement, dated February 13, 1984, as amended, does not require the Partners to fund, as necessary, the Partnership activities beyond the aggregate First Phase commitment, which amount is expected to be exceeded in 1988 based on the 1988 Operating Plan as approved by the Partners. The Partnership's ability to continue as a going concern is contingent upon such continued funding from the Partners. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Partners discontinue funding the Partnership activities.

In our opinion, subject to the effects on the 1987 financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known, the financial statements referred to above present fairly the financial position of TRINTEX at December 31, 1987 and 1986, and the results of its operations and its cash flows for

SBC 002978

the years then ended, and cumulative from February 13, 1984
(inception) to December 31, 1987, in conformity with generally
accepted accounting principles applied on a consistent basis.

New York, New York
January 8, 1988.

Coopers & Lybrand

SBC 002979

TRINTEX
(a New York General Partnership in the Development Stage)

BALANCE SHEETS

December 31, 1987 and 1986

ASSETS:	<u>1987</u>	<u>1986</u>
Cash and short-term investments	\$ 681,677	\$ 1,717,787
Accounts receivable - billed	62,559	
Accounts receivable - unbilled, net of allowance for doubtful accounts, \$25,000	767,750	
Prepaid expenses and other current assets	502,541	182,784
Total current assets	<u>2,014,527</u>	<u>1,900,571</u>
Property and equipment (Note 3):		
Data processing equipment	24,009,422	14,499,595
Leasehold improvements	6,907,301	4,035,343
Office equipment	772,974	549,376
Furniture and fixtures	387,679	370,295
	<u>32,077,376</u>	<u>19,454,609</u>
Less, Accumulated depreciation and amortization	<u>9,517,683</u>	<u>4,023,617</u>
Property and equipment, net	<u>22,559,693</u>	<u>15,430,992</u>
Total assets	<u>\$ 24,574,220</u>	<u>\$ 17,331,563</u>
LIABILITIES and PARTNERS' CAPITAL:		
Accounts payable	\$ 923,702	\$ 443,482
Accrued expenses	11,164,091	6,431,722
Unearned commercial revenue	602,159	
Due to International Business Machines Corporation	673,738	1,359,693
Total current liabilities	<u>13,363,690</u>	<u>8,234,897</u>
Commitments and contingencies (Note 4)		
Partners' capital (Note 1):		
Contributions	227,586,538	131,255,438
Deficit accumulated during the development stage (Note 2)	(216,376,008)	(122,158,772)
	<u>11,210,530</u>	<u>9,096,666</u>
Total liabilities and Partners' capital	<u>\$ 24,574,220</u>	<u>\$ 17,331,563</u>

See accompanying notes to financial statements.

SBC 002980

STATEMENTS of OPERATIONS and DEFICIT ACCUMULATED
DURING the DEVELOPMENT STAGE

for the years ended December 31, 1987 and 1986,
and cumulative from February 13, 1984 (inception)
to December 31, 1987

	<u>1987</u>	<u>1986</u>	<u>Cumulative Since Inception</u>
Revenues:			
Advertising and other fees	\$ 520,091		\$ 520,091
Expenses:			
Salaries and benefits (Notes 5 and 6)	39,240,652	\$ 27,584,337	87,451,139
Development software and support	18,058,037	15,247,320	43,371,015
Occupancy (Note 3)	9,201,356	7,807,502	22,948,597
Contract and professional services	7,929,897	5,526,517	18,935,713
Depreciation and amortization	5,494,066	2,992,696	10,292,687
Operational software	2,537,052	1,993,521	5,907,265
Equipment rental, maintenance and supplies	2,520,652	1,794,682	6,364,291
Product acquisition	2,109,715	381,271	2,494,111
Recruitment	2,087,215	1,455,284	4,982,832
Travel, meetings and seminars	1,701,078	1,059,148	3,935,661
Promotion	1,453,046	187,603	1,687,649
Employee relocation	1,228,254	773,407	5,156,219
Miscellaneous	1,633,953	1,031,301	4,343,582
Total expenses	95,194,973	67,834,589	217,870,761
Interest income	457,646	301,188	974,662
Net loss for the period	94,217,236	67,533,401	216,376,008
Deficit, accumulated during the development stage, beginning of period	122,158,772	54,625,371	
Deficit, accumulated during the development stage, end of period	<u>\$216,376,008</u>	<u>\$122,158,772</u>	<u>\$216,376,008</u>

See accompanying notes to financial statements.

SBC 002981

STATEMENTS of PARTNERS' CAPITAL

for the years ended December 31, 1987 and 1986
and cumulative from February 13, 1984 (inception)
to December 31, 1987

	<u>Total</u>	<u>CBS Inc.</u>	<u>International Business Machines Corporation</u>	<u>Sears, Roebuck and Co.</u>
Initial capital				
contributions	\$ 3,000	\$ 1,000	\$ 1,000	\$ 1,000
1984 Call Payments (Note 1)	7,358,040	2,452,680	2,452,680	2,452,680
Net loss for the period February 13, 1984 (inception) to December 31, 1984	<u>(12,988,896)</u>	<u>(4,329,632)</u>	<u>(4,329,632)</u>	<u>(4,329,632)</u>
Balance at December 31, 1984	(5,627,856)	(1,875,952)	(1,875,952)	(1,875,952)
1985 Call Payments (Note 1)	48,939,207	16,313,069	16,313,069	16,313,069
Net loss for the year ended December 31, 1985	<u>(41,636,475)</u>	<u>(13,878,825)</u>	<u>(13,878,825)</u>	<u>(13,878,825)</u>
Balance at December 31, 1985	1,674,876	558,292	558,292	558,292
1986 Call Payments (Note 1)	74,955,191	20,645,837	27,154,677	27,154,677
Net loss for the year ended December 31, 1986	(67,533,401)	(17,417,321)	(25,058,040)	(25,058,040)
Withdrawal of Partner (Note 1)	<u>-</u>	<u>(3,786,808)</u>	<u>1,893,404</u>	<u>1,893,404</u>
Balance at December 31, 1986	9,096,666	-	4,548,333	4,548,333
1987 Call Payments (Note 1)	96,331,100		48,165,550	48,165,550
Net loss for the year ended December 31, 1987	<u>(94,217,236)</u>		<u>(47,108,618)</u>	<u>(47,108,618)</u>
Balance at December 31, 1987	<u>\$11,210,530</u>	<u>\$</u>	<u>\$ 5,605,265</u>	<u>\$ 5,605,265</u>

See accompanying notes to financial statements.

STATEMENTS of CASH FLOWS

for the years ended December 31, 1987 and 1986
and cumulative from February 13, 1984 (inception)
to December 31, 1987

	<u>1987</u>	<u>1986</u>	<u>Cumulative Since Inception</u>
Cash used by operations:			
Net loss for the period	(\$94,217,236)	(\$67,533,401)	(\$216,376,008)
Add, Noncash charges to net loss:			
Depreciation and amortization	5,494,066	2,992,696	10,292,687
Loss on disposal of property and equipment	<u> </u>	<u>236,154</u>	<u>236,154</u>
	(88,723,170)	(64,304,551)	(205,847,167)
Cash provided from working capital changes, excluding cash	<u>3,978,727</u>	<u>686,872</u>	<u>12,030,840</u>
Net cash used by operations	(84,744,443)	(63,617,679)	(193,816,327)
Cash used for investment activities:			
Capital expenditures	<u>(12,622,767)</u>	<u>(9,619,725)</u>	<u>(33,088,534)</u>
	(97,367,210)	(73,237,404)	(226,904,861)
Cash provided from financing activities:			
Partners' contributions	<u>96,331,100</u>	<u>74,955,191</u>	<u>227,586,538</u>
Increase (decrease) in cash and short-term investments	(1,036,110)	1,717,787	681,677
Cash and short-term investments, beginning of period	<u>1,717,787</u>	<u> </u>	<u> </u>
Cash and short-term investments, end of period	<u>\$ 681,677</u>	<u>\$ 1,717,787</u>	<u>\$ 681,677</u>

See accompanying notes to financial statements.

NOTES to FINANCIAL STATEMENTS

Organization:

TRINTEX (the "Partnership") is a development stage joint venture of International Business Machines Corporation ("IBM") and Sears, Roebuck, & Co. ("Sears"). The Partnership was formed to address a business opportunity that can use the special expertise of the Partner companies to realize the full potential of videotex. Videotex is a two-way interactive service that enables a consumer, via personal computer, to access a wide range of information such as news, financial data and educational material; to send messages and perform two-way transactions such as home shopping and banking. The Partners' special expertise is being used to set the technical, quality, service and value standards for the industry. During 1987, "PRODIGY" was chosen as the videotex service's name and testing of the PRODIGYSM interactive personal service commenced in the homes of certain individuals, including Partnership and Partner employees.

The Partnership was organized on February 13, 1984 as a New York State general partnership among CBS Inc. ("CBS"), IBM and Sears.

The original Partnership Agreement, dated February 13, 1984, provides, among other things, for the following:

Each Partner, upon periodic calls by the Partnership, is obligated to make payments ("Call Payments") to the Partnership as is necessary for the Partnership to finance its expenditures and working capital requirements. Call Payments are borne equally by the Partners and constitute capital contributions to the Partnership.

Until modified or repealed by unanimous Partners' vote, the First Phase Call Payments commitment is \$250,487,000 for all Partners in the aggregate. The First Phase means the initial phase of the activities of the Partnership during which the videotex service is to be designed, developed and marketed in several metropolitan areas and evaluated by the Partners.

The right to withdraw from, or dissolve, the Partnership at any time is reserved by the Partners, subject to the provisions set forth in the Partnership Agreement.

Continued

NOTES to FINANCIAL STATEMENTS, Continued

Effective November 1, 1986, CBS, pursuant to a written amendment to the original Partnership Agreement (the "Amendment"), withdrew from the Partnership. The Amendment provides, among other things, for the following:

The Partnership shall not be dissolved but shall continue with IBM and Sears as Partners with equal ownership interests as of November 1, 1986.

As part of the withdrawal settlement, CBS's capital account at the date of withdrawal from the Partnership was forfeited. Such amount has been credited equally to the continuing Partners' capital accounts consistent with their respective continuing ownership interests.

CBS shall have no further obligation to make capital contributions to the Partnership under the Partnership Agreement.

CBS has agreed to accept (as liquidating payment in full for its Partnership interest) a nonrecourse interest-free contingent subordinated obligation (the "Obligation") of the Partnership in the amount of \$33,074,952. The Obligation shall be due and payable only upon the terms and conditions enumerated in the Amendment, including those relating to the Partnership's future cash flow and subordination to active Partners' distributions. The amount and timing of Obligation payments are not currently determinable; accordingly, the Obligation is not reflected as a liability in the financial statements. The Obligation is subordinate to all other obligations of the Partnership.

At December 31, 1987, no formal amendment to the Partnership Agreement had been entered into by the Partners to fund the Partnership activities beyond the First Phase Call Payments commitment of \$250,487,000. From inception through December 31, 1987, Call Payments aggregated \$227,586,538. The 1988 Operating Plan, as approved by the Partners, indicates that the Partnership will exceed the aforementioned aggregate First Phase Call Payments in 1988. It is the intention of the Partners to continue the Partnership and to fund the activities of the Partnership as necessary.

Continued

SBC 002985

NOTES to FINANCIAL STATEMENTS, Continued

2. Significant Accounting Policies:

Description of Development Stage Activities:

The Partnership has been in the development stage since inception. As such, it is engaged in designing, developing, and testing the system by which the PRODIGY service will be distributed, as well as in developing the service content and marketing programs. Since inception, the Partnership has been largely engaged in research and development activities primarily associated with the internal development and testing of software and PRODIGY service prototypes. Such costs have been expensed as incurred. Contractual arrangements have been entered into by the Partnership with commercial clients for the production and display of commercial services to be carried on the PRODIGY service. It is expected that the PRODIGY service will be offered to subscribers commencing in 1988.

Revenue Recognition:

The Partnership records the full contract value as accounts receivable and a corresponding credit to reflect the unearned commercial revenue amount at the time contracts are entered into with commercial customers. The Partnership recognizes fee revenue from contracts with commercial customers on a straight-line basis based on the applicable production and display period.

Property and Equipment:

Property and equipment are stated at cost. Depreciation is based on the estimated useful life of the asset and is computed by the straight-line method. Estimated depreciable lives are as follows:

Furniture and fixtures	10 years
Data processing equipment	3-5 years
Office equipment	7 years

Leasehold improvements are amortized over the remaining lease term or the life of the improvement, whichever is shorter.

During 1986, \$236,154 of unamortized leasehold improvements were written off due to the consolidation of office premises.

Income Taxes:

The Partnership is not a taxable entity; accordingly, no provision for income taxes has been made in the financial statements. The Partners' respective shares of Partnership income or loss are reportable on the Partners' individual tax returns.

Continued

SBC 002986

FINANCIAL STATEMENTS, Continued

Related Party Transactions:

The Partnership had the following transactions with related parties during 1987, 1986, and since inception:

- a. The Partnership derived revenues from contracts with Partners and Allstate Insurance Company ("Allstate"), Coldwell Banker ("Coldwell") and Dean Witter Reynolds ("Dean Witter"), wholly owned subsidiaries of Sears, to provide commercial advertising and to establish a "gateway" electronic communication link between Sears' and the Partnership's computer systems, enabling the Partnership's subscribers to order Sears products through the PRODIGY service, as follows:

	Revenue Recognition Period:	
	1987	After 1987
IBM	\$10,200	\$ 6,800
Sears	34,971	129,029
Allstate	10,200	6,800
Coldwell	10,200	6,800
Dean Witter	24,000	16,000
	<u>\$89,571</u>	<u>\$165,429</u>

- b. Technical services rendered by Partners:

	1987	1986	Cumulative Since Inception
IBM	\$9,522,000	\$10,400,000	\$27,325,000
CBS		153,000	626,000
	<u>\$9,522,000</u>	<u>\$10,553,000</u>	<u>\$27,951,000</u>

- c. The Partnership contracted with Allstate and Coldwell to provide group health care, dental and life insurance and relocation assistance, respectively, as follows:

	1987	1986	Cumulative Since Inception
Allstate	\$1,706,000	\$1,116,000	\$3,343,000
Coldwell	309,000	254,000	753,000
	<u>\$2,015,000</u>	<u>\$1,370,000</u>	<u>\$4,096,000</u>

Continued

SBC 002987

FINANCIAL STATEMENTS, Continued

2. Occupancy expense is rent paid to Partners and Dean Witter for office space, in the following amounts:

	<u>1987</u>	<u>1986</u>	<u>Cumulative Since Inception</u>
IBM	\$107,000	\$1,340,000	\$4,037,000
CBS			264,000
Dean Witter	<u>17,000</u>	<u> </u>	<u>17,000</u>
	<u>\$124,000</u>	<u>\$1,340,000</u>	<u>\$4,318,000</u>

3. The Partnership purchased data processing and office equipment from the Partners as summarized below:

	<u>1987</u>	<u>1986</u>	<u>Cumulative Since Inception</u>
IBM	\$7,102,000	\$4,597,000	\$20,009,000
CBS			215,000
	<u>\$7,102,000</u>	<u>\$4,597,000</u>	<u>\$20,224,000</u>

In addition, since inception IBM has provided certain furniture to the Partnership at no cost.

- f. Payments to IBM for equipment and software rental, equipment maintenance, service and installation charges and training services totaled \$2,673,000, \$1,883,000, and \$6,237,000 in 1987, 1986, and cumulative since inception, respectively.

4. Commitments and Contingencies:

- a. The Partnership is a lessee under two leases for headquarters' office space, such leases having termination dates of June 29, 1988 (123 Main Street) and September 30, 1993 (445 Hamilton Avenue and One North Broadway), respectively. The first of these leases is noncancelable and is sublet under a sublease expiring June 28, 1988. The second lease contains an escalation clause, includes an option to renew for a ten-year period and contains an escape clause enabling the Partnership to cancel the lease effective September 30, 1989, subject to a cancellation fee of \$512,404. During 1987, the Partnership entered into eighteen noncancelable leases for computer locations in selected cities where the

Continued

FINANCIAL STATEMENTS, Continued

will be offered in 1988 and 1989. These leases are for three-year terms and contain options to renew for an additional three years.

The Partnership also entered into two noncancelable leases for operating offices in two of the cities where the PRODIGY service will be offered. Both leases are for one-year terms, each with an option to renew for two successive one-year periods. The Partnership also is a lessee under two noncancelable operating leases for telephone equipment which expire in 1989.

At December 31, 1987, future minimum rental payments under these noncancelable operating leases are as follows:

	Minimum Future Rentals	Less, Sublease Income	Minimum Future Rentals, Net of Sublease Income
1988	\$ 7,566,347	\$864,271	\$ 6,702,076
1989	6,732,284		6,732,284
1990	6,384,394		6,384,394
1991	6,123,240		6,123,240
1992	6,107,691		6,107,691
After 1992	4,580,768		4,580,768
	<u>\$37,494,724</u>	<u>\$864,271</u>	<u>\$36,630,453</u>

During 1987, the Partnership entered into a noncancelable contract for a subscription management system through 1990. Such contract requires future minimum payments of \$300,000, \$500,000 and \$1,000,000 in 1988, 1989 and 1990, respectively.

In addition, during 1987, the Partnership entered into a noncancelable contract with an information provider for certain informational data bases to be available for use on the PRODIGY service. The terms of this contract require minimum payments of \$375,000, \$500,000, \$750,000 and \$1,000,000 in 1988, 1989, 1990 and 1991, respectively. However, such minimum payments will be increased if the number of PRODIGY subscribers reaches certain levels as defined in the contract. The minimum annual payments will then be determined based on the number of subscribers and a compensation rate per subscription, as defined in the contract. Accordingly, the minimum annual payments will be the greater of the flat fee or the fee determined by the number of subscribers.

Continued

SBC 002989

NOTES to FINANCIAL STATEMENTS, Continued

The Partnership has entered into a number of other agreements with information providers to the PRODIGY service and for other operating services. In certain cases, these agreements provide for certain advance payments and often require the payment of fees based on subscriber usage.

- b. The Partnership has entered into a contract for telecommunication services. In the event of cancellation of such services by the Partnership, prior to completion of the contract period, the Partnership may be subject to cancellation fees ranging from \$500,000 to \$1,000,000, as defined in the contract terms.

Pension Plan:

The Partnership established a noncontributory defined benefit pension plan for all its employees on January 1, 1985. The benefits are based upon years of service and the employee's compensation during the last five years of employment. The pension plan is being funded in accordance with the requirements of the Employee Retirement Income Security Act of 1974.

In 1987, the Partnership adopted Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions" which supersedes all previous accounting standards for pensions. The effect of this adoption was to increase 1987 pension cost by approximately \$1,058,000. Pension expense for 1986 has not been restated. The plan's assets consist primarily of investments in bank-commingled trusts of equity and fixed income securities.

The following table sets forth the plan's funded status and the present value of benefit obligations at December 31, 1987:

Actuarial present value of benefit obligations, including vested benefits of \$5,280,000	(<u>\$ 7,480,000</u>)
Projected benefit obligations	(\$22,074,000)
Plan assets, at fair value	<u>4,254,000</u>
Fund status	(17,820,000)
Unrecognized net loss from past experience different from that assumed	7,090,000
Unrecognized net obligation existing at January 1, 1987 being recognized over 18 years	<u>9,365,000</u>
Accrued pension cost	<u>(<u>\$ 1,365,000</u>)</u>

Continued

SBC 002990

NOTES to FINANCIAL STATEMENTS, Continued

The weighted-average discount rate and average rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligations were 8% and 7.3%, respectively, at December 31, 1987.

Net 1987 pension cost included the following components:

Service cost component	\$1,900,000
Interest cost	981,000
Return on assets	(95,000)
Net amortization and deferral	<u>381,000</u>
Net 1987 pension cost	<u>\$3,167,000</u>

The weighted-average discount rate and average rate of increase in future compensation levels used in determining pension cost were 8% and 7.8%, respectively, at January 1, 1987. The expected long-term rate of return on plan assets was 8% for 1987.

Pension plan expense for 1986 amounted to \$1,577,000. The actuarial present values of vested and nonvested accumulated plan benefits as of December 31, 1986 were \$3,097,000 and \$1,171,000, respectively. Net assets available for plan benefits amounted to \$2,316,000. The weighted-average discount rate used in determining the actuarial present value of benefit obligations was 8% at December 31, 1986.

6. Post-Retirement Benefits:

The Partnership provides certain health care, dental and life insurance benefits for retired employees and will subsidize a portion of such benefits for the retired employees' eligible dependents. Substantially all of the Partnership's employees may become eligible for such benefits assuming they reach normal retirement age, as defined, while working for the Partnership. The cost of providing these benefits is recognized as an expense on a "pay-as-you-go" basis. The Partnership intends to fund these costs with insurance coverage as employees retire. Future annual insurance premiums will be expensed when due and payable. As no employees have retired from the Partnership, no cost for retiree health care, dental and life insurance benefits has been recognized in the financial statements, or funded, since inception of the Partnership.

7. Reclassifications:

Certain 1986 and cumulative since inception amounts have been reclassified to conform to the 1987 presentation.

SBC 002991

COOPERS & LYBRAND
1986 MANAGEMENT LETTER

Recommendations	Corrective Action Taken	Action Deferred
Review of IBM-ISS Consultants' Time Records	X	
Control Over Receipts of Fixed Assets and Supplies (Receiving department's copy of purchase order should not indicate quantities ordered)		X
Completeness of Contract Files	X	
Completeness of Payroll Masterfile Changes	X	
Review of Payroll Reconciliation Forms	X	
Monitoring of Capital Projects	X	
Purchasing Practices	X	
Bids for Capital Improvements	X	

EXHIBIT G

SBC 002992

COOPERS & LYBRAND
1987 MANAGEMENT LETTER

Controller (continued)	Significant	Disagree
------------------------	-------------	----------

- | | | |
|--|--|---|
| 15. Invoice Approval Policy | | |
| 16. Controls over Checks | | |
| 20. Reclassification of Vendor Prepayments | | |
| 21. Future Payroll Department Capabilities | | |
| 22. Capitalization Policy for "Local Site" Costs | | X |
| 23. Fixed Asset Reconciliation | | |

Management Services

- | | | |
|---|--|--|
| 9. Insurance Coverage Enhancements | | |
| 18. Control of Office Supplies | | |
| 19. Purchase Returns Policy and Procedure | | |

Controller and Management Services

- | | | |
|--|--|--|
| 14. Purchasing and Receiving Department Controls | | |
| 17. Purchase Requisition Procedures | | |

EXHIBIT 9

SBC 002993

COOPERS & LYBRAND
1987 MANAGEMENT LETTER

Systems Development and Operations	Significant	Disagree
1. Computer and Network Operational Support for Internal Business Operations	X	
2. Documentation Standards and Procedures for Systems Development and Operations	X	
3. Computer Security Controls	X	
4. Implementation and Maintenance of Systems	X	
5. Data File Retention		
Controller		
6. Contract Administration Procedures		
7. Control over Consultants' Billings		X
8. Accounting for Production and Display Costs	X	
10. Relocation Plan and Related Controls		
11. Monitoring of Related Party Transactions		
12. Control over Directly Billed Travel Expenses		
13. Accounts Payable Pending File Review		

EXHIBIT 9

SBC 002994

COOPERS & LYBRAND
1986 MANAGEMENT LETTER

Recommendations	Corrective Action Taken	Action Deferred
Computer Facility Disaster Recovery/Contingency Planning		X
Utilization of the Audittrack Report Option	X	
RACF Security	X	
Monitoring Post-Retirement Benefits Liability		X
Completeness and Accuracy of System Generated Suspense Account Entries	X	
Reconciliation Procedures	X	
Segregation of the Security Administration and Check Signatory Functions	X	
Formalization of Procedures to Ensure Complete and Accurate Updating of the Accounts Payable Masterfile	X	
Review and Approval of Accounts Payable Vouchers	X	

EXHIBIT 9

SBC 002995

NEAR-IN PROJECTS
S&AT TEST/RELEASE PLAN

COMPLETED PROJECTS

	S&AT ENTRY	S&AT EXIT	IMPL DATE	ON-SERV DATE
<i>APPLICATIONS</i>				
ARTEC Pilot	03/14	04/11	04/11	
Mallbox "B"	12/16	03/11	04/20	04/20
Comm. Client Targ.	03/29	03/30	04/12	04/01
Consumer Reports	01/08	04/14	04/14	04/15
Dow Jones Quote Track	02/24	04/08	04/15	04/15
Shopping Enhancements	03/02	04/08	04/25	04/18

SBC 002996

NEAR-IN PROJECTS
S&AT TEST/RELEASE PLAN

BASE SYSTEMS & PRODUCER	S&AT ENTRY	S&AT EXIT	IMPL DATE	ON-SERV DATE
Tool - Performance	04/12 A	05/29 P		
Series 1 Driver 8.0	04/22 P	05/19 P		
Q&A 2.0	02/18 A	04/29 P		
Tools - Credit Card	12/09 A	04/22		
Reception Sys 6.1.1	03/01 A			
Reception Sys 6.1.5	04/15 A			
Reception Sys 6.1.N	04/29 P	05/09 P	05/16	05/23
Reception Sys 6.2.1	05/13 P			
Reception Sys 6.2.N		07/07 P	07/21	07/28

SBC 002997

EXHIBIT H

TRINTEX CONFIDENTIAL 04/26/88 S&AT / TPC

NEAR-IN PROJECTS S&AT TEST/RELEASE PLAN

APPLICATIONS

	S&AT ENTRY	S&AT EXIT	IMPL DATE	ON-SERV DATE
TEDDS	05/13 P	06/13 P	06/15	
Sears Reformatter	03/10 A	04/20 A	05/12	
Shop Us Lab Improv.	03/02 A	04/08 A	04/25	04/18
CEO Magnate 1.1	02/10 A	04/29 P	05/13	04/30
Pers. Comp. w/ Arch.	03/01 A	05/06 P	05/20	06/01
CEO Magnate 2.0	04/22 P			05/01
Conn B & T	04/07 A	04/27 P	05/06	05/06
Commercial Mail	03/14 A	04/28 P	05/01	05/15
Dow Jones Co. News	03/09 A			05/15
TTOPS 3.2	03/25 A	05/01 P		05/15
PODM 1.4	04/20 P	05/12 P	05/25	05/30
EXTOOL Dynamic Item	04/08 A	05/14 P		05/20
Quick Menu - G/P/U	04/12 A	05/22 P	05/20	05/31
Kroger Phase I	05/06 P	06/08 P		06/15
Computer Express	04/08 A	05/14 P	05/27	06/30
Distribution List	03/29 A	06/10 P		06/30
American Airlines Ph I	04/15 A	06/15 P		07/15
Pershing Phase I	05/17 P	08/15 P		08/31

NEW PRODUCT DEVELOPMENT

COMPUTERIZED RESERVATION SERVICE

- 0 11 OF 13 MODULES FOR AIRLINE RESERVATIONS IN TEST;
BALANCE DUE EARLY MAY
- 0 NEW REQUIREMENTS: DEPENDABILITY CODE;
NO SMOKING DESIGNATION
- 0 REVISITING FEATURES AND SCHEDULE TO ACCELERATE
MULTI-PASSENGER RESERVATIONS AND PRICING ENHANCEMENTS
AND CAR AND HOTEL RESERVATIONS.
SMITH/HOPPER MEETING ON MAY 5.

SBC 002999

a:0426801.017
HH/D4

EXHIBIT I

TRINTEX CONFIDENTIAL

NEW PRODUCT DEVELOPMENT

DOW JONES

- o QUOTE TRACK -- LIVE ON APRIL 15
- o COMPANY NEWS-- IN TEST (DUE JUNE)

COMMUNICATIONS

- o MAILBOX USABILITY ENHANCEMENTS -- LIVE ON APRIL 20
- o PC CLUB (BULLETIN BOARD) -- IN TEST (DUE JUNE)
- o COMMERCIAL MAIL -- IN TEST (DUE MID-MAY)

FATHER'S DAY -- ON LINE DIRECT MAIL BY
SEARS, J.C. PENNEY, REI, CHANNEL.

OTHER

- o CEO -- IN TOURNAMENT PLAY TEST (DUE JUNE)
- o CONSUMER REPORTS -- CU USING NEW TOOL; RATINGS DUE APRIL 29
- o MOVIE SEARCH ENHANCEMENTS -- DUE APRIL 29.

SBC 003000

a:0426801.017
HH/D4

EXHIBIT I

TRINTEX CONFIDENTIAL

6/30 CLIENT MILESTONE

NATIONAL MARKETING

INFOCOM
P & G (COMET & PRINGLES)
MCI
ANDERSEN WINDOWS
MICROSOFT
FORD MOTOR CREDIT

FINANCIAL SERVICES

PERSHING
TRW
SCUDDER
WASHINGTON NATIONAL INSURANCE

BANKING

CITIZENS & SOUTHERN
GREAT WESTERN BANK

CATALOG & RETAIL

NEIMAN MARCUS
BALLY
BANTAM
DOUBLEDAY
COMPUTER EXPRESS (30 SCREENS FOR DATABASE)
MUSICLAND
SEARS (200 NEW SCREENS)

TRAVEL

NATIONAL CAR RENTAL
BUDGET RENT-A-CAR
ALLSTATE MOTOR

SBC 003001

a:0426801.017
HH/D4

EXHIBIT I TRINTEX CONFIDENTIAL

NEW PRODUCT DEVELOPMENT

GROCERY SHOPPING

- o PROCEEDING TOWARDS A JUNE CONTROLLED MARKET INTRODUCTION
IN ATLANTA AND AUGUST FOR GROCERY EXPRESS IN SAN FRANCISCO
- o ALL APPLICATION CODE AND MOST TOOLS CODE IN TEST
- o 4,000 PRODUCT DESCRIPTIONS ENTERED AND EDITED
- o INTEGRATION; GATEWAY CONNECTIVITY PROCEEDING ON KROGER
- o GROCERY EXPRESS: STORYBOARDS IN PROCESS.

a:0426801.017
HH/D4

SBC 003002

EXHIBIT I TRINTEX CONFIDENTIAL

NEW PRODUCT DEVELOPMENT

FINANCIAL SERVICES

IBM PACIFIC EMPLOYEES FEDERAL CREDIT UNION (SAN FRANCISCO)
[MHT] -- LIVE AS OF MARCH 1988.

CITIZENS AND SOUTHERN (ATLANTA) [MHT] -- WORKPLAN AGREED TO AND
STARTED; PROJECTED COMPLETION: SEPTEMBER 1988

BANK OF NEW ENGLAND/CONNECTICUT BANK AND TRUST (HARTFORD) --
APPLICATION CODE IN TEST; PURSUING CONNECTIVITY;
PROJECTED COMPLETION: MAY 1988

PERSHING BROKERAGE -- PROJECTED COMPLETION: AUGUST 1988

- o NAPLPS FRAMES AND TBOL CODE COMPLETED
ON MAINLINE APPLICATION
- o CONNECTIVITY LINKS IN TEST.

SBC 003003

a:0426801.017
HH/D4

EXHIBIT I

TRINTEX CONFIDENTIAL

Important Dates

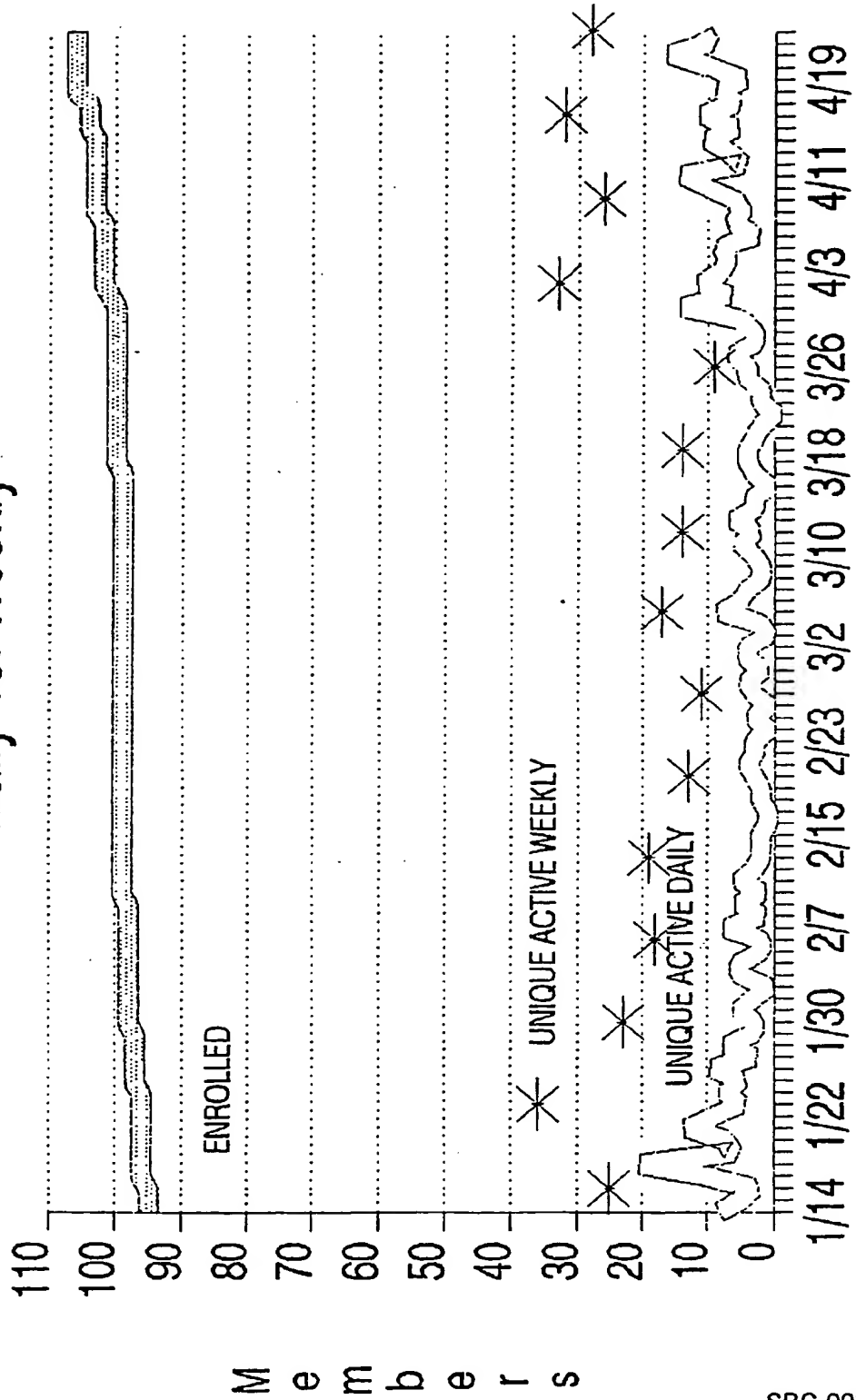
4/18 & 20	Hartford & CCS Focus Groups
4/8 – 4/11	Shower of Savings
4/5	Focus Group Letters
4/1	Shower of Savings Glossy
3/30	6.0 Mailed To Hartford & CCS
3/29	6.0 Mailed To Panel
3/15 & 17	Panel Focus Groups
3/3	Newsletter
3/3,4 & 5	Telephone Calls To 35 HH's (Panel & Hartford)
2/17	CCS Focus Groups
2/10 & 11	Panel Focus Groups
2/3	CCS Focus Groups
2/3	Elections Live
2/1	Newsletter
1/25	Newsletter
1/25	Valentine's Special Live
1/20	Olympics Special Live
1/18 & 19	Hartford Work Sessions
12/23	Newsletter
12/21	Carmen Sandiego Live
12/15	Dow Jones Live
12/10	Hours 6am – 12am EST
12/9 & 10	Panel Focus Groups
12/3	Hartford Focus Groups
11/24	Newsletter
11/16	Shopping
10/1	Start 10am – 12am EST

SBC 003004

EXHIBIT J

Hartford Members

Daily vs. Weekly



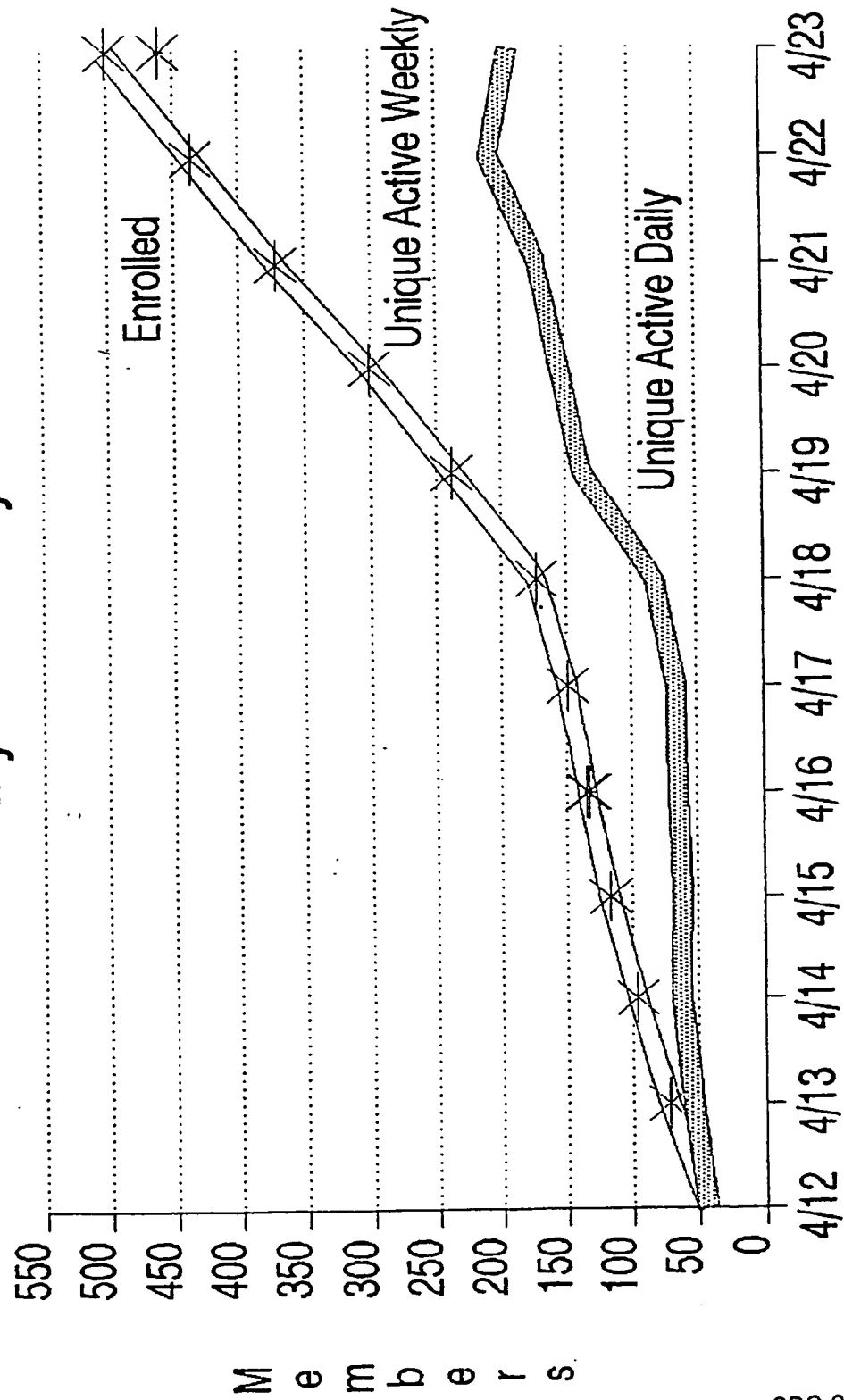
TRINTEX CONFIDENTIAL

SBC 003005

EXHIBIT 9

Founding Members

Daily vs. Weekly



M e m b e r s

EXHIBIT 4

SBC 003006

Frequency of Sessions in Week

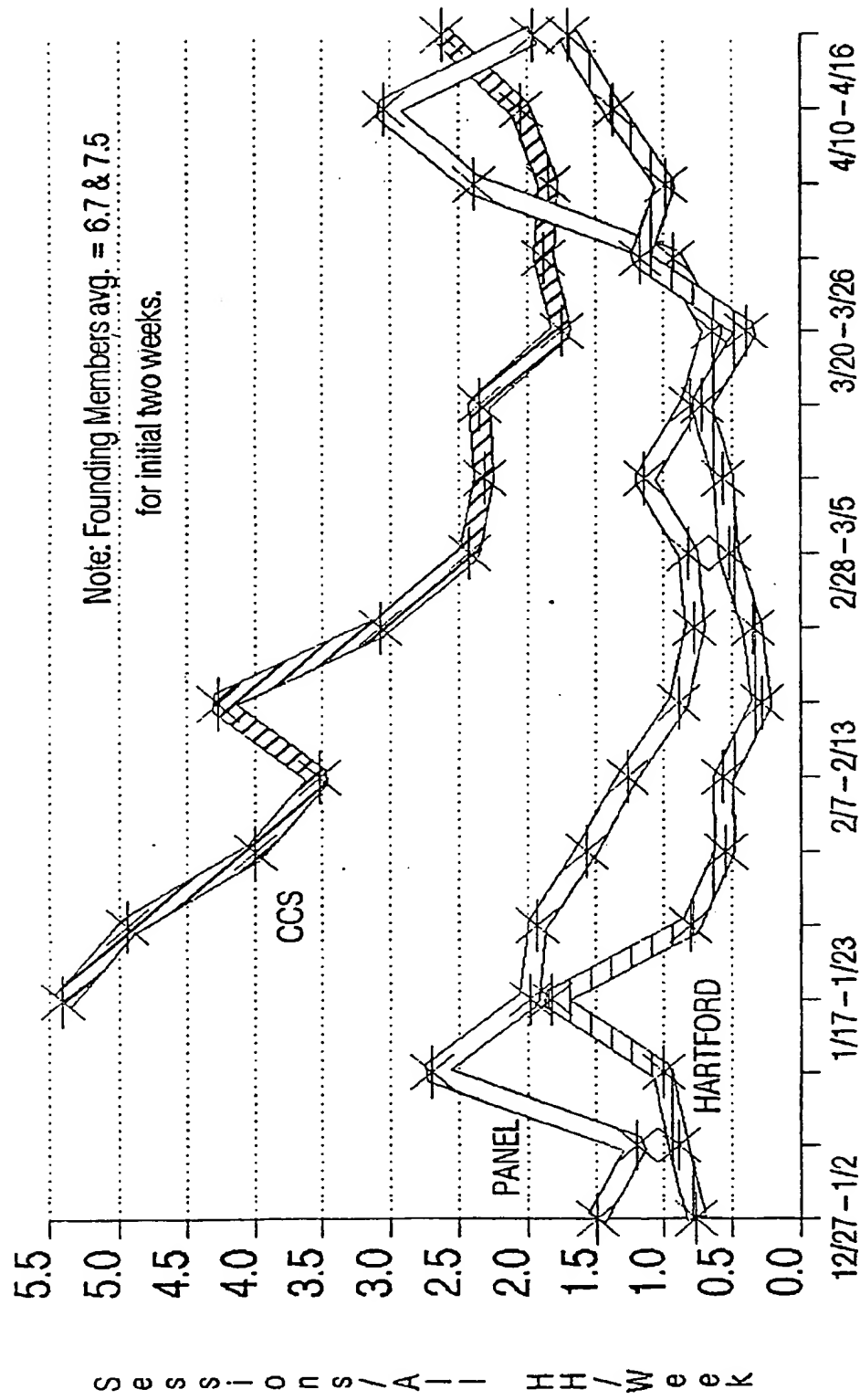
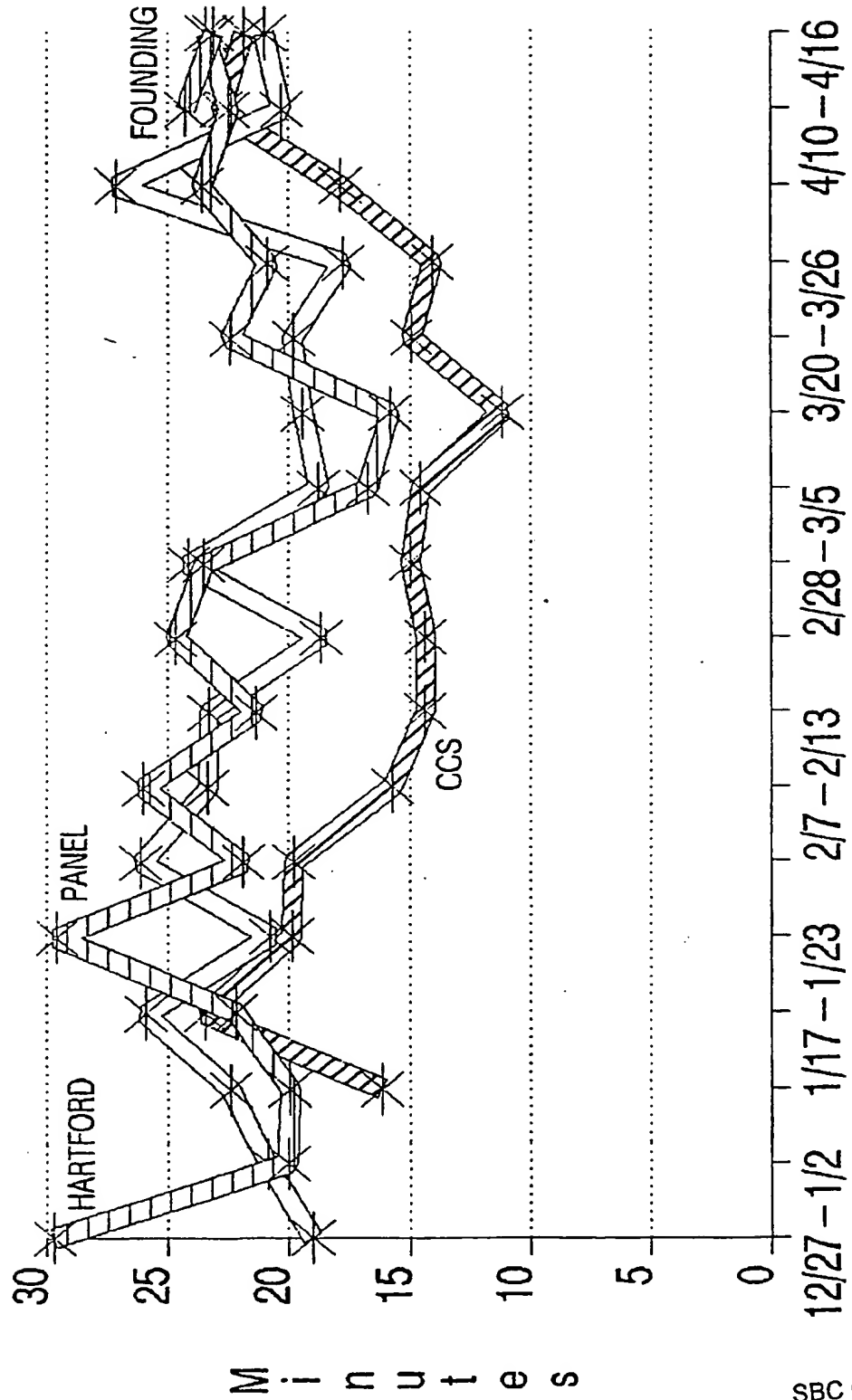


EXHIBIT 9

SBC 003007

TRINTEX CONFIDENTIAL

Avg. Session Length



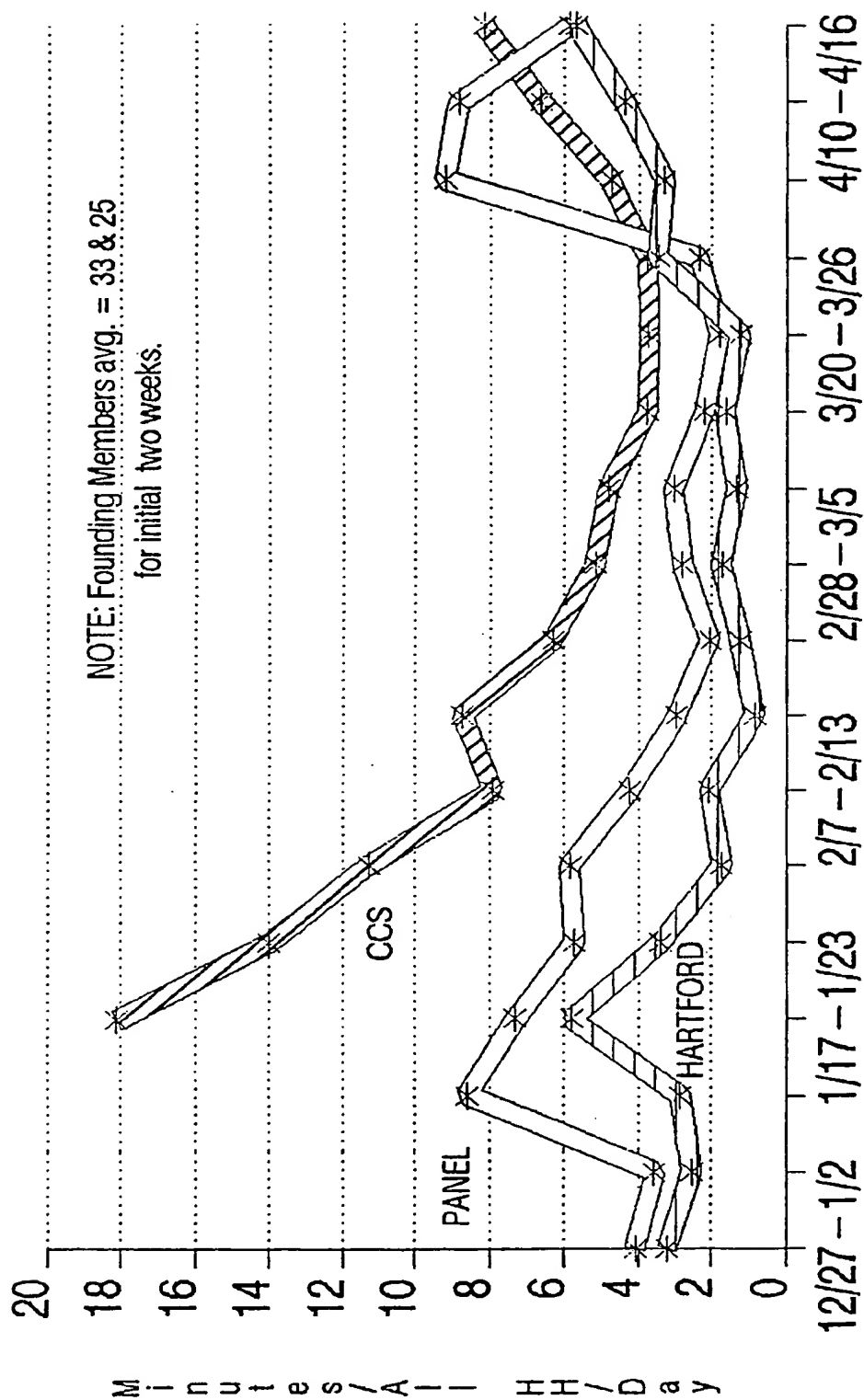
M i n u t e s

EXHIBIT J

SBC 003008

TRINTEX CONFIDENTIAL

Daily Usage / All HH's



LRP - Mid '88 - 13.9
YE '88 - 17.0

TRINTEX CONFIDENTIAL

SBC 003009

AGENDA

RESULTS OF APRIL SHOWER OF SAVINGS

INCREASE IN DAILY USAGE

- ACTIVE MEMBERS
- PAGES DISPLAYED

PURCHASES DURING PROMOTION

- BY CLASS
- BY MERCHANT

SIGN ON, CASH INSM GAME

SBC 003010

A:sos5.043

TRINTEX CONFIDENTIAL
EXHIBIT K

4/20/88

IMPORTANT DATES

4/8-4/11	<u>SHOWER OF SAVINGS</u>
4/5	<u>FOCUS GROUP LETTERS</u>
4/1	<u>SHOWER OF SAVINGS GLOSSY</u>
3/30	<u>6.0 MAILED TO HARTFORD & CCS</u>
3/29	<u>6.0 MAILED TO PANEL, S.O.S. POST CARDS</u>
3/15 & 17	PANEL FOCUS GROUPS
3/3	NEWSLETTER
3/3, 4 & 5	TELEPHONE CALLS TO 35 HH's (PANEL & HARTFORD)
2/17	CCS FOCUS GROUPS
2/10 & 11	PANEL FOCUS GROUPS
2/3	CCS FOCUS GROUPS
2/3	ELECTIONS LIVE
2/1	NEWSLETTER
1/25	NEWSLETTER
1/25	VALENTINE'S SPECIAL LIVE
1/20	OLYMPICS SPECIAL LIVE
1/18 & 19	HARTFORD WORK SESSIONS

A:0426802.043
MS/T1

TRINTEX CONFIDENTIAL

SBC 003011

EXHIBIT K

ENROLLMENT BY MEMBER TYPE

	<u>4/1/88</u>	<u>4/11/88</u>	<u>4/18/88</u>
	<u>HH</u>	<u>HH</u>	<u>HH</u>
	<u>MEMBERS</u>	<u>MEMBERS</u>	<u>MEMBERS</u>
HARTFORD	54	54	54
	101	103	106
PANEL	44	69	86
	65	97	118
C.C.S.	48	48	48
	87	88	88
TOTAL	146	171	188
	253	288	312

SBC 003012

EXHIBIT K

A:0426801.043
MS/T1

TRINTEX CONFIDENTIAL

Unique Members Hartford, Panel, CCS

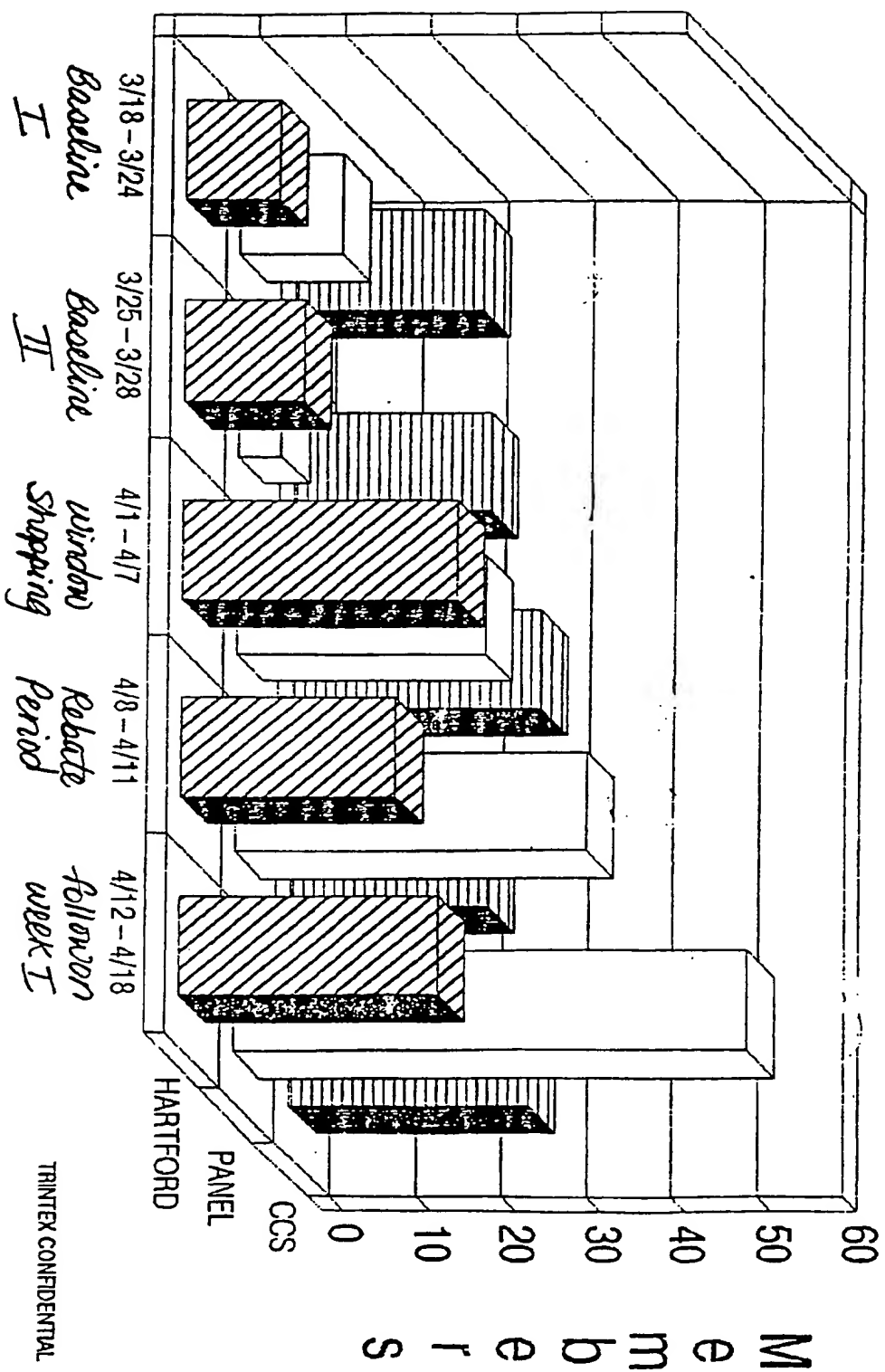
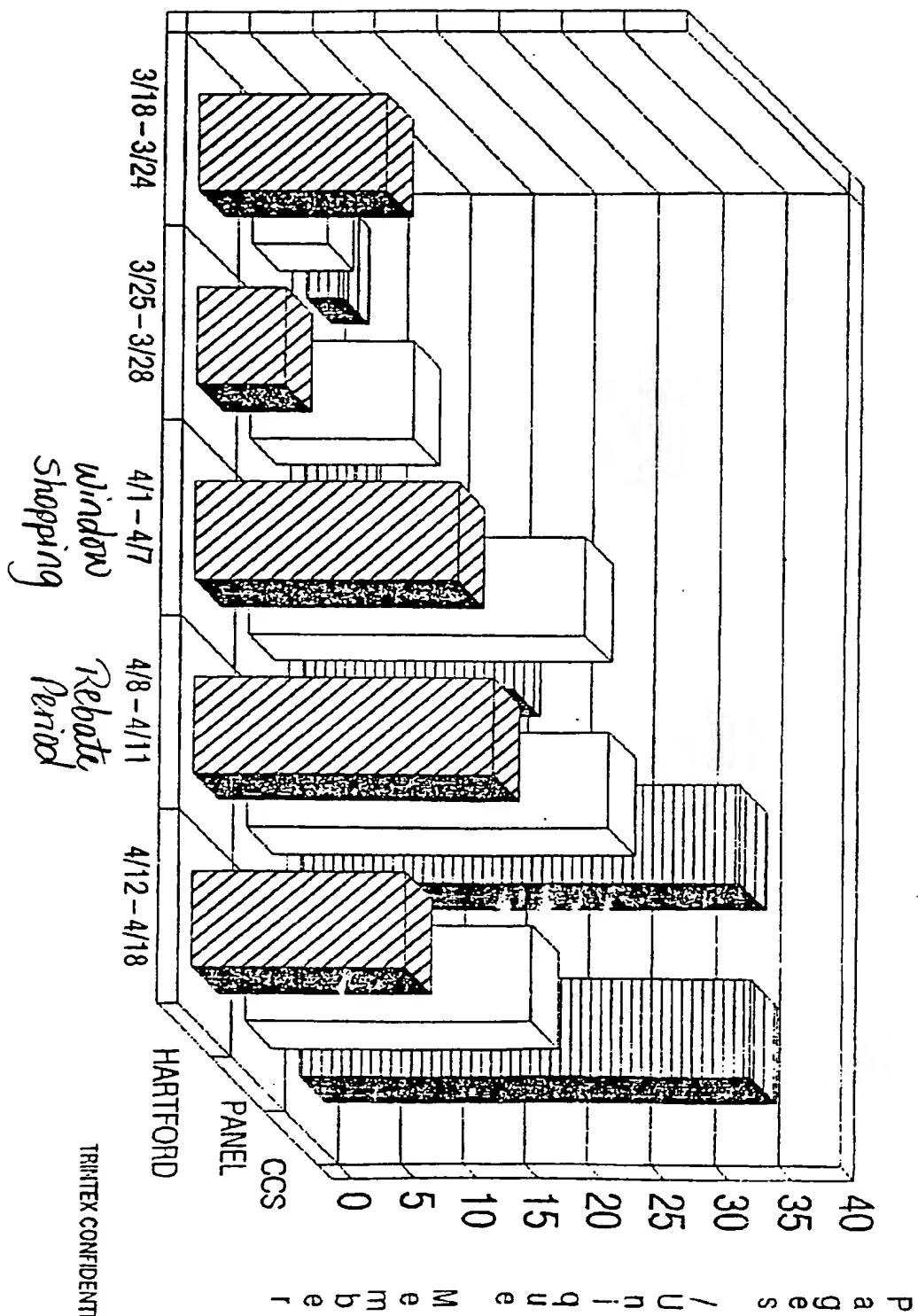


EXHIBIT 2

SBC 003013

Shopping Pages Hartford, Panel, CCS



TRIPIX CONFIDENTIAL

EXHIBIT K

SBC 003014

Editorial Pages Hartford, Panel, CCS

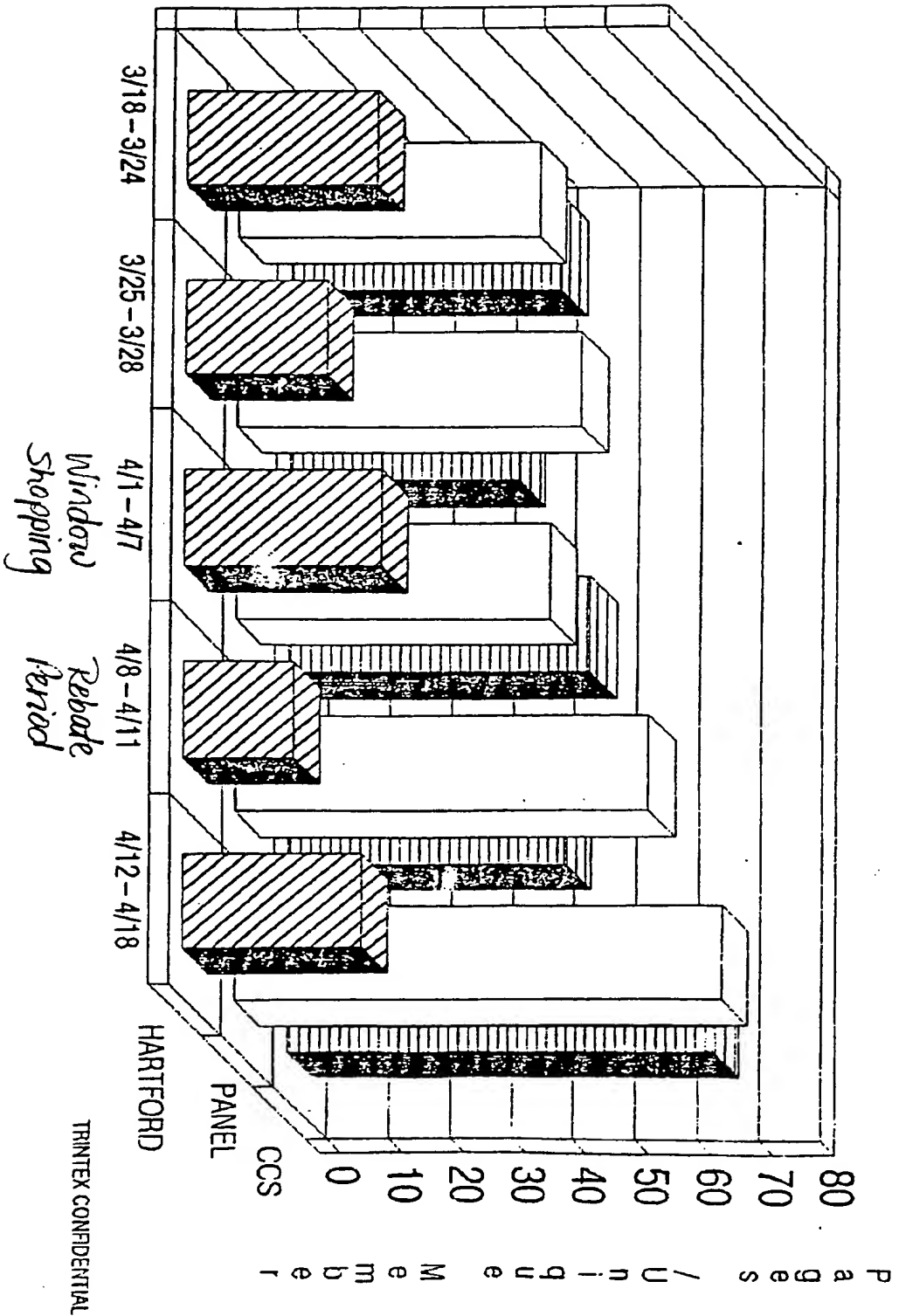


EXHIBIT K

Shopping Orders Hartford, Panel, CCS

SBC 003016

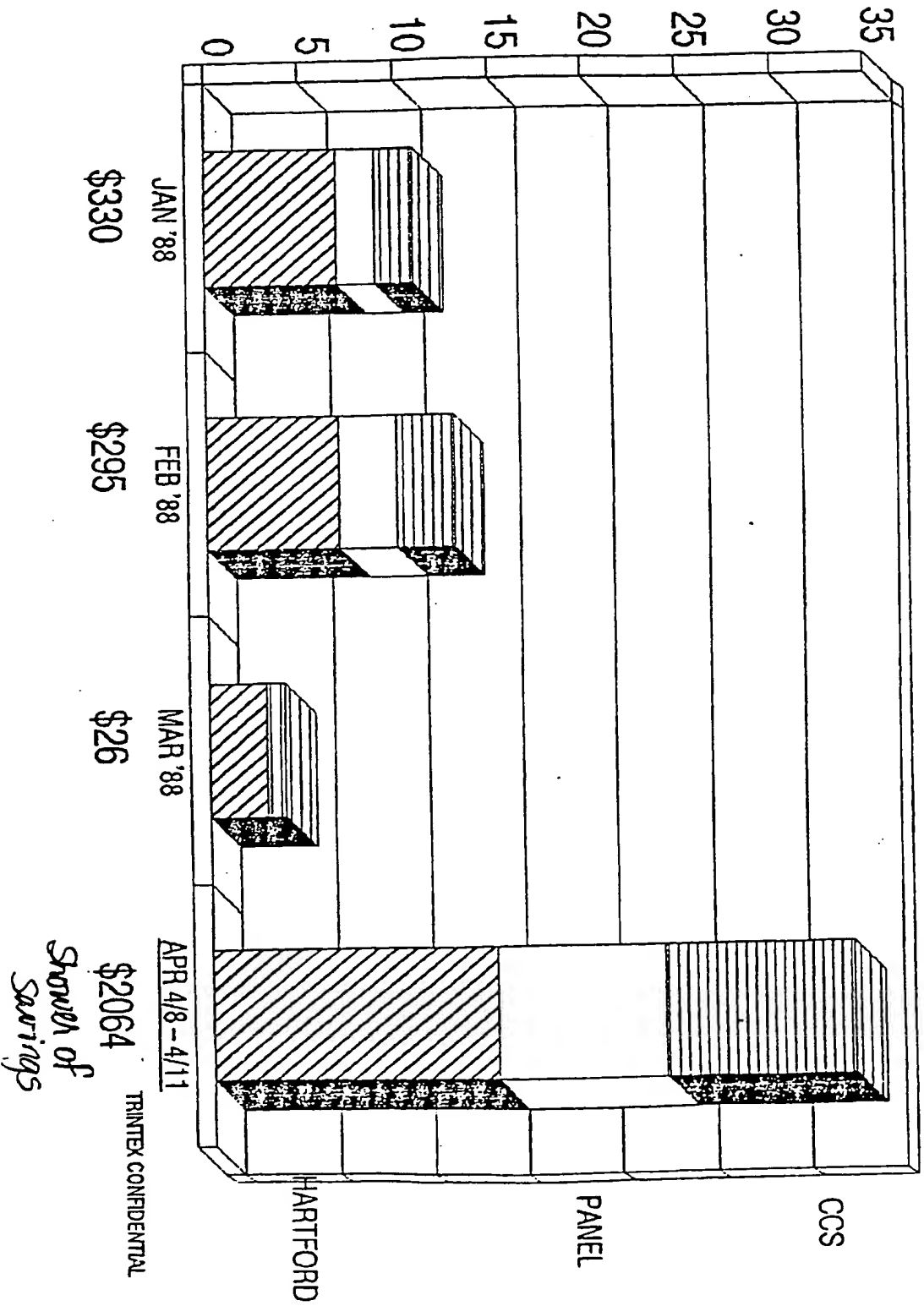


EXHIBIT K

RESULTS OF APRIL SHOWER OF SAVINGS

PURCHASES BY CLASS CODE

	MEMBERS	HH	VALUE	ORDERS
M--HARTFORD TESTERS	11	8	\$1543.28	15
P--PANEL TESTERS	4	3	375.99	10
R--C.C.S. TESTERS	5	4	144.69	9
TESTER SUB-TOTAL			<u>\$2063.96</u>	<u>34</u>
AVERAGE ORDER			\$60.70	
J--CLIENT TESTERS	1	1	49.99	1
TOTAL			\$2113.95	35
TOTAL REBATE			\$317.08	

4 TESTER HH SHOPPED ON 2 DIFFERENT DAYS.

2 MEMBERS SHOPPED ON 2 DIFFERENT DAYS.

SBC 003017

A:0418801.043
MS/T1

TRINTEX CONFIDENTIAL

EXHIBIT K

RESULTS OF APRIL SHOWER OF SAVINGS

PURCHASES OF ELIGIBLE MEMBERS BY MERCHANT

<u>MERCHANT</u>	<u>VALUE</u>	<u>ORDERS</u>
SEARS- CASH	\$1,110.57	6
CREDIT	79.72	3
PENNEY'S	704.11	7
CURRENT	42.90	7
COMPUTER EXPRESS	38.96	2
NESTLE'S	38.00	2
RELIABLE HOME OFFICE	33.25	5
PENNACO	13.50	1
FORD	2.95	1
TESTER SUB-TOTAL	\$2,063.96	34
CLIENT TESTER	49.99	1 (PENNEY'S)
TOTAL ELIGIBLE	\$2,113.95	35

SBC 003018

A:sos5.043

TRINTEX CONFIDENTIAL

4/20/88

EXHIBIT K

SIGN ON, CASH INSM GAME: STATUS

WHAT IT IS:

- GAME TO STIMULATE USAGE
 - ELIGIBLE: FOUNDING MEMBERS, HARTFORD, PANEL, PARTNER AND C.C.S. TESTERS
 - LEADER ADS WILL TAKE MEMBERS TO SPECIAL SECTION
 - MEMBERS WITH ID LISTED IN SECTION INSTRUCTED TO SEND MESSAGE TO CLAIM PRIZE
 - SECTION ALSO INCLUDES RULES, RECENT WINNERS
 - TWO PHASES:
 - . 5/1 - 6/15 \$100
 - . 6/16 - 7/15 \$100 OR EGA CARD
- DRAWING AMONG WINNERS: NCL CRUISE

HOW IT WORKS:

- F&P SELECTS 3 IDS FOR EACH DAY
- PD LISTS NEW IDS EACH DAY
- MEMBER SEES ID AND SENDS MESSAGE
- F&P VERIFIES MEMBERS WHO SENT MESSAGES
- PD LISTS WINNERS ONCE A WEEK
- MM NOTIFIES EINSON FREEMAN OF WINNERS
- EINSON FREEMAN SENDS CHECKS TO WINNING MEMBERS

STATUS:

- POST CARDS MAILED TO ELIGIBLE HOUSEHOLDS 4/22
- NEXT WAVES 4/29, 5/6
- CONDUCTING A REHEARSAL OF LOGISTICS 4/27
- SECTION BEING PREPARED FOR SERVICE 5/1
- USAGE REPORTS PLANNED. BEGIN RUNNING 5/7
- PHASE 2 PLANNING IN PROGRESS 5/20
- MAIL PHASE 2 POST CARDS 6/8

SBC 003019

USEXEC1

TRINTEX CONFIDENTIAL

4/27/88

EXHIBIT K

COMMERCIAL MARKETING
BANKING UPDATE

ATLANTA

CITIZENS AND SOUTHERN BANK

- o FULL SERVICE BANKING CONTRACT SIGNED
 - MHT IS SERVICE PROVIDER
 - ATLANTA EXCLUSIVE FOR 12 MONTHS
 - MIAMI EXCLUSIVE FOR 3 MONTHS
- o JOINT MARKETING PROGRAM
- o PRESS RELEASE
- o TARGET SERVICE DATE, 9/30/88
- o MEMBER PRICE, \$4.95 PER MONTH

CALIFORNIA

BANK OF AMERICA

- o ADDRESSING THEIR CONCERNS
- o EXECUTIVE MEETING, 5/2/88

NEW ENGLAND

BANK OF NEW ENGLAND

- o EMPLOYEE TEST CONTINUES
- o BALANCE INQUIRY AVAILABLE 5/13/88

BAY BANKS

SBC 003020

EXHIBIT L

COMMERCIAL MARKETING
BANKING UPDATE

OTHER MARKETS

TRUSTCORP (TOLEDO TRUST)

- o IBM FUNDING APPROVED, \$150,000
- o CONTRACT TO BE SIGNED 4/27/88
 - FULL SERVICE BANKING
 - LICENSE SOFTWARE TO OTHER BANKS

SOVRAN BANK

- o POSITIVE RECOMMENDATION TO PRESIDENT
- o POSITIVE DECISION, EXPECTED SOON

CITIBANK

- o ASSIGNED PROJECT MANAGER
- o REVIEWING CONTRACTS
- o START NEGOTIATIONS IN TWO WEEKS, RICHARD BRADDOCK

SBC 003021

EXHIBIT L

1/22/88
PART 1ST

TRINTEX
PARTNER TRANSACTIONS
1ST QUARTER 1988 ACTUAL
(\$ 000'S)

PARTNER	CONSULTANTS	CAPITAL	EQUIPMENT RENTAL & MAINTENANCE	INSURANCE/ RELOCATION	OTHER	TOTAL
IBM	\$1,958	\$2,105	\$184		\$823	\$5,070
SEARS				\$622		\$622
TOTAL	\$1,958	\$2,105	\$184	\$622	\$823	\$5,692

IBM:

CONSULTANTS

ISS

\$ 1,958
=====

CAPITAL

WORKSTATIONS

COPIERS

* MAINFRAMES & RELATED

\$29
\$2,076

\$2,105
=====

OTHER

SOFTWARE & DP SUPPLIES
BOCA RATON
PUBLICATIONS & SEMINARS
MISCELLANEOUS

\$626
\$162
\$28
\$7

\$823
=====

SEARS:

RELOCATION
INSURANCE

\$147
\$475

\$622
=====

TRINTEX CONFIDENTIAL

SBC 003022

EXHIBIT M

7/20/88
ARTIST

TRINTEX
PARTNER TRANSACTIONS
1ST QUARTER 1988 ESTIMATE
(\$ 000'S)

PARTNER	CONSULTANTS	CAPITAL	EQUIPMENT RENTAL & MAINTENANCE	INSURANCE/ RELOCATION	OTHER	TOTAL
BM	\$2,009	\$3,967	\$275		\$835	\$7,086
SEARS				\$590		\$590
TOTAL	\$2,009	\$3,967	\$275	\$590	\$835	\$7,676

BM:

CONSULTANTS

ISS

\$ 2,009
=====

CAPITAL

WORKSTATIONS

\$42

COPIERS

* MAINFRAMES & RELATED

\$3,925

\$3,967
=====

OTHER

SOFTWARE & DP SUPPLIES

\$655

BOCA RATON

\$155

PUBLICATIONS & SEMINARS

\$25

MISCELLANEOUS

\$835
=====

SEARS:

RELOCATION

\$125

INSURANCE

\$465

\$590
=====

TRINTEX CONFIDENTIAL

SBC 003023

EXHIBIT M

5/22/88
PART 1ST

TRINTEX
PARTNER TRANSACTIONS
1ST QUARTER 1988 ACTUAL VS ESTIMATE
(\$ 000'S)

PARTNER	CONSULTANTS	CAPITAL	EQUIPMENT RENTAL & MAINTENANCE	INSURANCE/ RELOCATION	OTHER	TOTAL
BM	(\$51)	(\$1,862)	(\$91)		(\$12)	(\$2,016)
SEARS				\$32		\$32
TOTAL	(\$51)	(\$1,862)	(\$91)	\$32	(\$12)	(\$1,984)

BM: Capital was favorable primarily due to delayed purchases of 3725 front end processor, 51 k upgrades, Network Mgt equipment, terminals and workstations which were deferred to 2nd quarter 1988. In addition a 3090-120 processor was purchased in place of a 3090-180 for White Plain's center.

SBC 003024

TRINTEX CONFIDENTIAL

EXHIBIT M

THIRD WRITTEN CONSENT OF ALL

PARTNERS

APRIL 27, 1988

The following represents an action of the Partners' Committee of TRINTEX, a New York general partnership, by Unanimous Partners' Vote taken by written consent pursuant to ARTICLE II of the Partnership Agreement dated February 13, 1984, as amended.

Effective June 1, 1988 the name of the partnership shall be changed from TRINTEX to Prodigy Services Company.

This Written Consent of all Partners has been executed as of April 27, 1988.

International Business
Machines Corporation

By 

Sears, Roebuck and Co.

By 

SBC 003025

EXHIBIT N

ADDITIONAL SPACE
SYNOPSIS

o SPACE AVAILABLE

- 7TH FLOOR (1NB)
- 14,000 SQ.FT. (APPROX.)
- \$350,000 ANNUAL RENT

o COMMITMENT REQUIREMENTS

- LEASE TERM

JUNE 1, 1988 to
SEPTEMBER 30, 1993

- RENT COMMITMENT

\$210,000 (1988)

\$2,000,000 (FULL TERM)

- FIT-UP

\$400,000 (APPROX.)

SBC 003026

EXHIBIT O

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